City of Matlosana
Annual Financial Statements
for the year ended June 30, 2023

General Information

Nature of business and principal activities	To provide democratic and accountable government to the local communities, To ensure sustainable service delivery to communities, To promote social and economic development, To promote a safe and healthy environment and To encourage the involvement of communities and community organisations in the matters of local government. The entity's operations are governed by the Local Government: Municipal Structures Act 117 of 1998, the Local Government: Municipal Systems Act 32 of 2000, the Local Government: Municipal Finance Management Act 56 of 2003, and various other acts and regulations. The City of Matlosana is a Grade 5 rated municipality.
Mayoral committee	
Executive Mayor	NJ Tsolela
Speaker	S.L. Mondlane
Councillors	K. Ndincede (Chief Whip)
	M.L Kodisang
	K.E Mabebe
	T.V Chabalala
	J.M Mosupa
	F.C Mahlophe
	M.L Mahumapelo
	A.M Ramphele
	N.M Maseko
	S.O.C Barrends
	T.G Khoza
Chief Finance Officer (CFO)	M. Phetla
Accounting Officer	L. Seametso
Registered office	Bram Fischer Street Klerksdorp 2571
Business address	Bram Fischer Street Klerksdorp 2570
Postal address	P.O. Box 99 Klerksdorp 2570
Bankers	ABSA Bank Limited Investec Bank Limited First National Bank Nedbank Limited
Auditors	Auditor General of South Africa

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The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

Abbreviations used:

COID	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
MIG	Municipal Infrastructure Grant (Previously CMIP)
ME	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
EPWP	Expanded Public Works Programme

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that she is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to June 30, 2024 and, in the light of this review and the current financial position, she is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is wholly dependent on the municipality for continued funding of operations. The annual financial statements are prepared on the basis that the municipality is a going concern and that the municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

Although the are primarily responsible for the financial affairs of the municipality, they are supported by the municipality's external auditors.

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors and their report is presented on page 4.

The annual financial statements set out on page 4, which have been prepared on the going concern basis, were approved by the on 31 August 2023 and were signed on its behalf by:

L. Seametso
Accounting Officer

Statement of Financial Position as at June 30, 2023

Figures in Rand	Note(s)	2023	2022 Restated*
Assets			
Current Assets			
Inventories	8	52,414,101	38,539,180
Receivables from exchange transactions	9	7,725,188	6,034,786
VAT receivable	11	301,873,312	209,843,653
Consumer debtors	12	450,734,124	460,467,559
Other receivable		-	7,357
Cash and cash equivalents	13	92,678,877	213,583,670
		905,425,602	**928,476,205**
Non-Current Assets			
Investment property	2	345,682,384	349,895,390
Property, plant and equipment	3	5,094,979,057	5,210,117,451
Intangible assets	4	1,297,383	1,297,383
Heritage assets	5	9,967,364	9,979,858
Other financial assets	6	12,094,383	11,337,586
Eskom Deposit		40,403,414	39,533,828
Nature reserve wildstock		1,597,200	2,031,699
		5,506,021,185	**5,624,193,195**
Total Assets		**6,411,446,787**	**6,552,669,400**
Liabilities			
Current Liabilities			
Other financial liabilities	14	11,415,109	3,502,848
Payables from exchange transactions	15	3,451,842,292	2,687,876,569
Consumer deposits	16	46,501,593	41,774,897
Employee benefit obligation	18	21,397,000	19,178,000
Unspent conditional grants and receipts	17	56,274,736	25,137,351
Distribution payable	20	-	38,505,544
		3,587,430,730	**2,815,975,209**
Non-Current Liabilities			
Other financial liabilities	14	14,538,487	33,472,410
Employee benefit obligation	18	305,833,468	324,755,260
Provisions	19	149,760,416	140,044,856
		470,132,371	**498,272,526**
Total Liabilities		**4,057,563,101**	**3,314,247,735**
Net Assets		**2,353,883,686**	**3,238,421,665**
Accumulated surplus		2,353,883,682	3,238,421,667
Total Net Assets		**2,353,883,682**	**3,238,421,667**

* See Note 54 & 55

Statement of Financial Performance

Figures in Rand	Note(s)	2023	2022 Restated*
Revenue			
Revenue from exchange transactions			
Market dues		19,959,610	18,771,956
Service charges	21	1,905,316,850	1,815,221,526
Rental of facilities and equipment		4,135,017	4,217,688
Licences and permits		7,218,936	7,701,222
Commissions received	39	13,830,750	13,735,741
New Connection Fees		701,040	685,273
Reconnection Fees		43,478,419	85,199,347
Rental income		4,494,325	3,583,304
Insurance Fees		4,948,236	3,174,222
Other income		17,538,278	15,680,564
Interest received - investment	22	566,058,651	471,967,651
Total revenue from exchange transactions		**2,587,680,112**	**2,439,938,494**
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	23	456,396,936	451,441,226
Interest from Property Rates		50,406,437	43,424,197
Donations Received	40	98,146,072	25,016,401
Donation from Dept of Human settlements	26	-	218,892,037
Transfer revenue			
Government grants & subsidies	24	666,956,617	668,042,233
Fines, Penalties and Forfeits		8,868,764	5,170,607
Total revenue from non-exchange transactions		**1,280,774,826**	**1,411,986,701**
Total revenue	25	**3,868,454,938**	**3,851,925,195**
Expenditure			
Employee related costs	27	(722,330,690)	(666,133,757)
Remuneration of councillors	28	(36,911,611)	(34,189,332)
Depreciation and amortisation	29	(379,302,379)	(363,540,490)
Finance costs	31	(249,906,775)	(125,506,941)
Rental and lease expenditure		(114,814,957)	(99,261,646)
Debt Impairment	32	(1,386,491,357)	(1,284,786,461)
Bulk purchases	33	(1,304,265,142)	(1,262,291,832)
Contracted services	34	(102,800,530)	(126,571,875)
Repairs and maintenance	35	(174,308,501)	(207,488,594)
General Expenses	36	(269,038,926)	(214,904,837)
Total expenditure		**(4,740,170,868)**	**(4,384,675,765)**
Operating deficit		**(871,715,930)**	**(532,750,570)**
Loss on disposal of assets and liabilities		(16,572,392)	(21,231,879)
Fair value adjustments		-	561,147
Finance cost on Employee Benefits		(39,017,000)	(31,412,000)
Actuarial gains/losses	18	49,234,000	10,523,000
Gain/(Loss) on biological assets		(434,499)	(300,549)
PPE Impairment loss	30	(3,650,921)	(35,199,378)
Inventories (losses)/gains		933,702	28,857
Revenue loss from market	37	(3,314,944)	(3,149,521)
		(12,822,054)	**(80,180,323)**
Deficit for the year		**(884,537,984)**	**(612,930,893)**

* See Note 54 & 55

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	3,845,049,858	3,845,049,858
Adjustments		
Correction of errors 55	6,302,702	6,302,702
Balance at July 1, 2021 as restated*	**3,851,352,560**	**3,851,352,560**
Changes in net assets		
Deficit for the year	(612,930,893)	(612,930,893)
Total changes	(612,930,893)	(612,930,893)
Restated* Balance at July 1, 2022	**3,238,421,666**	**3,238,421,666**
Changes in net assets		
Deficit for the 8 Months	(884,537,984)	(884,537,984)
Total changes	(884,537,984)	(884,537,984)
Balance at June 30, 2023	**2,353,883,682**	**2,353,883,682**

* See Note 54 & 55

Cash Flow Statement

Figures in Rand	Note(s)	2023	2022 Restated*
Cash flows from operating activities			
Receipts			
Receipts from customers		1,654,344,201	1,713,672,455
Grants		698,094,002	648,606,024
Interest income		139,887,887	74,523,209
Other receipts		114,393,109	152,536,522
		2,606,719,199	2,589,338,210
Payments			
Employee costs		(775,228,923)	(727,280,346)
Suppliers		(1,480,906,891)	(1,613,046,430)
Finance costs		(240,191,216)	(113,730,603)
VAT received		5,708,089	74,496,878
		(2,490,618,941)	(2,379,560,501)
Net cash flows from operating activities	38	**116,100,258**	**209,777,709**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(196,631,056)	(191,406,299)
Proceeds from sale of property, plant and equipment	3	5,296,100	-
Purchase of investment property	2	-	(3,000)
Purchase of heritage assets	5	-	(17,580)
Eskom deposits		(869,586)	-
Security deposit paid to Eskom movement		-	(632,108)
Net cash flows from investing activities		**(192,204,542)**	**(192,058,987)**
Cash flows from financing activities			
Movement of other financial liabilities		(11,021,662)	(41,745,546)
Movement in consumer deposits		4,726,696	2,809,749
Movement in HDA		(38,505,544)	(7,684,630)
Net cash flows from financing activities		**(44,800,510)**	**(46,620,427)**
Net increase/(decrease) in cash and cash equivalents		**(120,904,794)**	**(28,901,705)**
Cash and cash equivalents at the beginning of the year		213,583,670	242,485,375
Cash and cash equivalents at the end of the year	13	**92,678,876**	**213,583,670**

* See Note 54 & 55

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Sale of goods	18,864,000	-	**18,864,000**	19,959,610	**1,095,610**	
Service charges	2,227,134,076	(102,838,960)	**2,124,295,116**	1,905,316,850	**(218,978,266)**	Note 1
Rental of facilities and equipment	4,146,749	124,031	**4,270,780**	4,135,017	**(135,763)**	
Licences and permits	9,766,050	(1,066,050)	**8,700,000**	7,218,936	**(1,481,064)**	
Commissions received	16,719,152	-	**16,719,152**	13,830,750	**(2,888,402)**	
Connections Disconnections	80,043,373	-	**80,043,373**	43,478,419	**(36,564,954)**	Note 2
Rental income	3,946,990	604,000	**4,550,990**	4,494,325	**(56,665)**	
Discount received	1,227,926	-	**1,227,926**	4,948,236	**3,720,310**	
Recoveries	(10,585)	-	**(10,585)**	-	**10,585**	
Other income	60,154,976	(17,194,093)	**42,960,883**	17,538,278	**(25,422,605)**	Note 3
New connection Fees	869,041	-	**869,041**	701,040	**(168,001)**	
Interest received	477,117,165	63,066,283	**540,183,448**	566,058,651	**25,875,203**	Note 4
Total revenue from exchange transactions	**2,899,978,913**	**(57,304,789)**	**2,842,674,124**	**2,587,680,112**	**(254,994,012)**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	507,345,285	25,490,580	**532,835,865**	456,396,936	**(76,438,929)**	Note 5
Interest on property rates	46,027,053	5,972,947	**52,000,000**	50,406,437	**(1,593,563)**	
Donations received	31,530	-	**31,530**	98,146,072	**98,114,542**	
Transfer revenue						
Government grants & subsidies	731,742,000	(26,361,000)	**705,381,000**	666,956,617	**(38,424,383)**	Note 6
Fines, Penalties and Forfeits	4,635,002	225,544	**4,860,546**	8,868,764	**4,008,218**	
Total revenue from non-exchange transactions	**1,289,780,870**	**5,328,071**	**1,295,108,941**	**1,280,774,826**	**(14,334,115)**	
Total revenue	**4,189,759,783**	**(51,976,718)**	**4,137,783,065**	**3,868,454,938**	**(269,328,127)**	
Expenditure						
Personnel	(751,062,097)	11,558,953	**(739,503,144)**	(722,330,690)	**17,172,454**	Note 7
Remuneration of councillors	(39,455,853)	-	**(39,455,853)**	(36,911,611)	**2,544,242**	
Depreciation and amortisation	(440,000,000)	-	**(440,000,000)**	(379,302,379)	**60,697,621**	Note 8
Finance costs	(10,123,478)	-	**(10,123,478)**	(249,906,775)	**(239,783,297)**	Note 9
Lease rentals on operating lease	(55,032,236)	(2,434,377)	**(57,466,613)**	(114,814,957)	**(57,348,344)**	Note 10
Debt Impairment	(788,344,417)	-	**(788,344,417)**	(1,386,491,357)	**(598,146,940)**	Note 11
Bulk purchases	(1,088,923,911)	(314,002,976)	**(1,402,926,887)**	(1,304,265,142)	**98,661,745**	Note 12
Contracted Services	(134,922,451)	(18,075,241)	**(152,997,692)**	(102,800,530)	**50,197,162**	Note 13
Repairs and maintenance	(359,326,277)	(35,694,313)	**(395,020,590)**	(174,308,501)	**220,712,089**	Note 14
General Expenses	(274,324,982)	(69,290,628)	**(343,615,610)**	(269,038,926)	**74,576,684**	Note 15
Total expenditure	**(3,941,515,702)**	**(427,938,582)**	**(4,369,454,284)**	**(4,740,170,868)**	**(370,716,584)**	
Operating deficit	**248,244,081**	**(479,915,300)**	**(231,671,219)**	**(871,715,930)**	**(640,044,711)**	
Loss on disposal of assets and liabilities	-	-	**-**	(16,572,392)	**(16,572,392)**	Note 16

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Impairment loss/ Reversal of impairments	-	-	-	(3,650,921)	**(3,650,921)**	
Fair value adjustments	-	-	-	(39,017,000)	**(39,017,000)**	Note 16
Actuarial gains/losses	-	-	-	49,234,000	**49,234,000**	Note 16
Loss on biological assets and agricultural produce	-	-	-	(434,499)	**(434,499)**	Note 16
Inventories losses/write-downs	-	-	-	933,702	**933,702**	Note 16
Loss from transfer of functions between entities not under common control	-	-	-	(3,314,944)	**(3,314,944)**	Note 16
	-	**-**	**-**	**(12,822,054)**	**(12,822,054)**	
Deficit before taxation	**248,244,081**	**(479,915,300)**	**(231,671,219)**	**(884,537,984)**	**(652,866,765)**	
Capital expenditure	217,037,651	(11,601,345)	**205,436,306**	110,167,732	**(95,268,574)**	
Actual amount on comparable basis as presented in the budget and actual comparative statement	**31,206,430**	**(468,313,955)**	**(437,107,525)**	**(994,705,716)**	**(557,598,191)**	

Note 1 - The loadshedding and distribution losses resulted in less revenue being realised than was originally budgeted for.

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference

Note 2 - The service provider who was appointed to do the connections and reconnections was not active throughout the full 12 months due contract issues and hence the actual revenue was less than originally budgeted.

Note 3 - There was a surge in property sales in the current year and this was not originally anticipated and hence the higher than budgeted revenue from other income.

Note 4 - Due to the growing debtors book due to non-payments from consumers, the interest charged on overdue amounts continued to rise in the current year.

Note 5 - The anticipated growth in property rates did not materialise and only a marginal growth from the prior year was actually realised.

Note 6 - There was significant under-spend on the capital grants than was originally anticipated.

Note 7 - There was more vacancies in the current year than were originally anticipated, especially at senior management level.

Note 8 - The WIP is included in the budget. The variance is due to projects that are not yet finalised. Impairment and write-offs also reduced the depreciation amount

Note 9 - As a result of the interest levied by Eskom and Midvaal on the overdue accounts, the municipality has more than anticipated finance costs.

Note 10 - The muncipality needed to hire more equipment than was originally budgeted in order to facilitate service delivery.

Note 11 - Due to the non payment by consumers the municipality has had to impair more of the debt and this is putting starin on the muncipalitiy's liquidity.

Note 12 - There was less incurred on electricity due to the on-going loadshedding crisis and there might have been more budgeted that was actually neccessary.

Note 13 - There was better management of the contracted services in the current year and this led to savings in the expenditure than was budgted for.

Note 14 - The understanding is due to cash flow constraints.

Note 15 - There were cashflow constraints that did not allow the municipality to spend the originally budgeted amounts

Note 16 - The municipality does not budget for gains and losses as they are not part of normal operations.

1. Significant account policies

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

These accounting policies are consistent with the previous period.

1.2 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.3 Going concern assumption

These annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months.

1.4 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgements is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. When any significant judgements and sources of estimation uncertainty are applicable, they have been disclosed in the relevant policy.

In the application of the municipality's accounting policies, which are described above, management is required to make judgement, estimates and assumption that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. The estimates and associated assumptions are based on historical experiences and other factors that are considered to reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates

These estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Cash and cash equivalents

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. The municipality categorises cash and cash equivalents as financial assets: loans and receivables. Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts.

Allowance for slow moving, damaged and obsolete stock

Management makes an estimate of the selling price and direct cost to sell to determine the net realisable value of inventory items. Allowance for obsolete stock is recognised when stock is slow moving and/or will not be used. The difference between the cost of inventory and the net realisable value is recognised in the statement of financial performance.

1.4 Significant judgements and sources of estimation uncertainty (continued)

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the [name a key assumption] assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 19 - Provisions.

Useful lives of waste and water network and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for the waste water and water networks. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

Useful lives and residual values

The entity's management determines the estimated useful lives and related depreciation charges for assets as noted in accounting policies 1.5 and 1.6.
This estimate is based on industry norm.

Management will increase the depreciation charge prospectively where useful lives are less than previously estimated useful lives.
Management will decrease the depreciation charge prospectively where useful lives are more than previously estimated useful lives.
Where changes are made to the estimated residual lives, management also makes these changes prospectively.

Trade receivables, loans and other receivables

The entity assesses its trade receivables, loans and other receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the entity makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.
Where the impairment for trade receivables, loans and other receivables is calculated on a portfolio basis, these are based on historical loss ratios. These annual loss ratios are applied to the balances in the portfolio. The impairment is measured as the difference between the
receivables' carrying amount and the present value of the estimated future cash flows discounted at the effective interest rate, computed at initial recognition. The impairment loss is recognised in surplus or deficit when there is objective evidence that it is impaired.

1.4 Significant judgements and sources of estimation uncertainty (continued)

Employee benefit obligations

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The entity determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the municipality is the current bid price. Where there is no active market, fair value is determined using valuation techniques. Such valuation techniques include using recent arm's length market transactions, reference to current market values of other similar instruments, discounted cash flow analysis and option pricing models.

1.5 Wild stock

The entity recognises wild stock when, and only when:

- the entity controls the asset as a result of past events;
- it is probable that future economic benefits or service potential associated with the asset will flow to the municipality; and
- the fair value or cost of the asset can be measured reliably.

Wild stock are measured at their fair value less costs to sell.

The fair value of livestock is determined based on market prices of livestock of similar age, breed, and genetic merit.

A gain or loss arising on initial recognition of wild stock or agricultural produce at fair value less costs to sell and from a change in fair value less costs to sell of wild stock is included in surplus or deficit for the period in which it arises.

1.6 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

1.6 Investment property (continued)

Cost model

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write down the cost, less estimated residual value over the useful life of the property, which is as follows:

Item	**Useful life**
Property - land	indefinite

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

1.7 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:
- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

1.7 Property, plant and equipment (continued)

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Buildings and community facilities	Straight-line	5 to 80 years
Furniture and fixtures	Straight-line	4 to 15 years
Motor vehicles	Straight-line	4 to 20 years
Office equipment	Straight-line	4 to 10 years
Emergency equipment	Straight-line	4 to 20 years
Library books	Straight-line	5 to 10 years
Infrastructure	Straight-line	5 to 80 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

1.8 Intangible assets

An asset is identifiable if it either:
- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:
- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management’s best estimate of the set of economic conditions that will exist over the useful life of the asset.

1.8 Intangible assets (continued)

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Intangible assets have an indefinite useful life.

The factors that was taken into account to determine that the Intangible assets have a indefinite useful life was:
(a) The asset could be efficiently managed by another management team
(b) There are not a lot of competitors or potential competitors that would be able through their action to effect the lifespan of the intangible assets
(c) There is very little if any maintenance expenditure associated with the intangible assets to keep deriving service potential from the intangible assets
(d) The useful life of the assets is not dependant on the useful life of other assets of the municipality.

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of intangible assets is included in surplus or deficit when the asset is derecognised.

1.9 Heritage assets

Assets are resources controlled by an municipality as a result of past events and from which future economic benefits or service potential are expected to flow to the municipality.

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

Heritage assets are shown at cost and are not depreciated owing to uncertainty regarding to their estimated useful lives.

Recognition

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

Initial measurement

Heritage assets are measured at cost.

Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

1.9 Heritage assets (continued)

Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

Impairment

The municipality assesses at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the municipality estimates the recoverable amount or the recoverable service amount of the heritage asset.

Derecognition

The municipality derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.10 Financial instruments

Classification

The municipality classifies financial assets and financial liabilities into the following categories:
- Financial assets measured at fair value.
- Financial assets measured at amortised cost.
- Loans and receivables.
- Financial liabilities measured at amortised cost.

Classification depends on the purpose for which the financial instruments were obtained/ incurred and takes place at initial recognition. Classification is re-assessed on an annual basis.

Derecognition

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:
- the rights to receive cash flows from the asset have expired;
- the municipality retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a ‘pass-through’ arrangement; or
- the municipality has transferred its rights to receive cash flows from the asset and either
  -has transferred substantially all the risks and rewards of the asset, or
  -has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the municipality has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the municipality’s continuing involvement in the asset.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in surplus or deficit.

1.11 Statutory receivables

Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

1.11 Statutory receivables (continued)

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

Recognition

The municipality recognises statutory receivables as follows:
- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

The municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:
- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

Impairment losses

The municipality assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the municipality considers, as a minimum, the following indicators:
- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced, either directly or through the use of an allowance account. The amount of the losses is recognised in surplus or deficit.

In estimating the future cash flows, an municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the entity discounts the estimated future cash flows using a rate that reflects the current risk-free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

1.12 VAT

The City of Matlosana accounts for value-added tax (VAT) on the payment basis.

1.13 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.14 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;
- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

1.14 Inventories (continued)

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Water Inventory

Water is regarded as inventory when the municipality purchases water in bulk with the intention to resell it to the consumers or to use it internally, or where the municipality has incurred purification costs on water obtained from natural resources (rain, rivers, springs, boreholes etc.). However, water in dams, that are filled by natural resources and that has not yet been treated, and is under the control of the municipality but cannot be measured reliably as there is no cost attached to the water, and it is therefore not recognised in the Statement of Financial Position.

The basis of determining the cost of water purchased and not yet sold at Statement of Financial Position date comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventory to its present location and condition, net of trade discounts and rebates.Water is valued by using the weighted average method, at the lowest of purified cost and net realisable value, insofar as it is stored and controlled in reservoirs at year-end.

1.15 Construction contracts and receivables

Construction contract is a contract, or a similar binding arrangement, specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

Contractor is an entity that performs construction work pursuant to a construction contract.

Cost plus or cost based contract is a construction contract in which the contractor is reimbursed for allowable or otherwise defined costs and, in the case of a commercially-based contract, an additional percentage of these costs or a fixed fee, if any.

Fixed price contract is a construction contract in which the contractor agrees to a fixed contract price, or a fixed rate per unit of output, which in some cases is subject to cost escalation clauses.

A contractor is an entity that enters into a contract to build structures, construct facilities, produce goods, or render services to the specifications of another entity either itself or through the use of sub-contractors. The term “contractor” thus includes a general or prime contractor, a subcontractor to a general contractor, or a construction manager.

The entity assesses the terms and conditions of each contract concluded with customers to establish whether the contract is a construction contract or not. In assessing whether the contract is a construction contract, an entity considers whether it is a contractor.

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by .

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected deficit is recognised as an expense immediately.

1.16 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset’s future economic benefits or service potential through depreciation (amortisation).

Accounting Policies

1.16 Impairment of cash-generating assets (continued)

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm’s length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:
- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

1.17 Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset’s future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm’s length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset’s fair value less costs to sell and its value in use.

Useful life is either:
- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

1.18 Employee benefits

Short-term employee benefits

The cost of all short-term employee benefits is recognised in the period during which the employee renders the related service. The Entity recognises the expected cost of performance bonuses only when the Entity has a present legal or constructive obligation to make such payment, and if a reliable estimate can be made.

The Entity provides long-service leave to eligible employees, payable on completion of years of employment. The Entity's liability is based on an actuarial valuation. Any unwinding of discount is charged to the statement of financial performance as an employee-related cost. Actuarial gains and losses on the long-term incentives are fully accounted for in the statement of financial performance. The projected unit credit method has been used to value the obligation.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight-line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial period, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in surplus or deficit over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the entity is demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

Other post retirement obligations

The entity provides post-retirement health care benefit to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

Accounting Policies

1.19 Provisions and contingencies

Provisions are recognised when:
- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:
- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of an activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:
- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:
- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 51.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Accounting Policies

1.19 Provisions and contingencies (continued)

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, an municipality recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

1.20 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.21 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:
- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

1.21 Revenue from exchange transactions (continued)

Dividends or similar distributions are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.22 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction..

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Rates, including collection charges and penalties interest

Revenue from rates, including collection charges and penalty interest, is recognised when:

(a) It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
(b) The amount of the revenue can be measured reliably; and
(c) There has been compliance with the relevant legal requirements
.
Changes to property values during a reporting period are valued by a suitably qualified valuator and adjustments are made to rates revenue, based on a time proportion basis. Adjustments to rates revenue already recognised are processed or additional rates revenue is recognised.

Fines

Revenue from the issuing of fines is recognised when:

(a) it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
(b) the amount of the revenue can be measured reliably.

The municipality has two types of fines: spot fines and summonses. There is uncertainty regarding the probability of the flow of economic benefits or service potential in respect of spot fines as these fines are usually not given directly to an offender. Further legal processes have to be undertaken before the spot fine is enforceable. In respect of summonses the public prosecutor can decide whether to waive the fine, reduce it or prosecute for non-payment by the offender. An estimate is made for the revenue amount collected from spot fines and summonses based on past experience of amounts collected. Where a reliable estimate cannot be made of revenue from summonses, the revenue from summonses is recognised when the public prosecutor pays over to the entity the cash actually collected on summonses issued.

Levies

Levies are recognised as revenue when:

(a) it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
(b) the amount of the revenue can be measured reliably.

Levies are based on declarations completed by levy payers. The estimate of levies revenue when a levy payer has not submitted a declaration are based on the following factors:

(a) the extent and success of procedures to investigate the non-submission of a declaration by defaulting levy payers;
(b) internal records maintained of historical comparisons of estimated levies with actual levies received from individual levy payers;
(c) historical information on declarations previously submitted by defaulting levy payers; and
(d) the accuracy of the database of levy payers as well as the frequency by which it is updated for changes.

Changes to estimates made when more reliable information becomes available are processed as an adjustment to levies revenue..

1.22 Revenue from non-exchange transactions (continued)

Government grants

Government grants are recognised as revenue when:

(a) it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality,
(b) the amount of the revenue can be measured reliably, and
(c) to the extent that there has been compliance with any restrictions associated with the grant.

The municipality assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, which-ever is earlier.

When government remit grants on a re-imbursement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

Other grants and donations

Other grants and donations are recognised as revenue when:

(a) it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
(b) the amount of the revenue can be measured reliably; and
(c) to the extent that there has been compliance with any restrictions associated with the grant.

If goods in-kind are received without conditions attached, revenue is recognised immediately. If conditions are attached, a liability is recognised, which is reduced and revenue recognised as the conditions are satisfied.

1.23 Turnover

Turnover comprises of sales to customers and service rendered to customers. Turnover is stated at the invoice amount and is exclusive of value-added taxation.

1.24 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.25 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use of sale.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.26 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.27 Unauthorised expenditure

Unauthorised expenditure means any expenditure incurred otherwise than in accordance with section 15 or 11(3) of the MFMA and includes:

(a) overspending of the total amount appropriated in the approved budget;
(b) overspending of the total amount appropriated for a vote in the approved budget;
(c) expenditure from a vote unrelated to the department or functional area covered by the vote;
(d) expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
(e) spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of "allocation" otherwise than in accordance with any conditions of the allocation, or
(f) a grant by the municipality otherwise than in accordance with the act.t

1.28 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance

1.29 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity’s supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance

1.30 Gratuities

The municipality provides gratuities for qualifying staff members in terms of the relevant conditions of employment. The expenditure is recognised in the statement of financial performance when the gratuity is paid.

1.31 Segment information

Segmental information on property, plant and equipment, as well as income and expenditure, is set out in Appendices C and D, based on the International Government Financial Statistics classifications and the budget formats prescribed by National Treasury. The municipality operates solely in its area of jurisdiction as determined by the Demarcation Board:

Segment information is prepared in conformity with the accounting policies applied for preparing and presenting the financial statements.

1.32 Consumer Deposits

Consumer deposits are disclosed as a current liability. Consumer deposits are levied in line with council's policy to consumers when services are initially connected. When services are disconnected or terminated, the outstanding deposit is utilised against any arrear accounts the consumer might be liable for on that date. Any excess deposit after all debt is settled is refunded to the specific consumer.

1.33 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

The approved budget covers the fiscal period from 7/1/2022 to 6/30/2023.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

The municipality deems variances that are above R5 000 000 as material variances that require explanations

Accounting Policies

1.34 Related parties

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the municipality.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.35 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.36 Comparative information

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are also reclassified.

1.37 New standards and interpretations

Application of all of the GRAP standards listed below will be effective from a date to be announced by the Minister of Finance.

Management has considered all the of the listed GRAP standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality.

(a) GRAP 18 Segment Reporting.
(b) GRAP 1 (amended): Presentation of Financial Statements 01 April 2020
(c) GRAP 34: Separate Financial Statements 01 April 2020
(d) IGRAP 1 (revised): Applying the Probability Test on Initial Recognition of Revenue 01 April 2020
(e) IGRAP 1 (revised): Applying the Probability Test on Initial Recognition of Revenue 01 April 2020
(f) Directive 7 (revised): The Application of Deemed Cost 01 A

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

2. Investment property

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	440,247,697	(94,565,313)	345,682,384	452,755,142	(102,859,752)	349,895,390

Reconciliation of investment property - 2023

	Opening balance	Disposals	Depreciation	Total
Investment property	349,895,390	(938,908)	(3,274,098)	345,682,384

Reconciliation of investment property - 2022

	Opening balance	Additions	Disposals	Depreciation	Total
Investment property	335,272,010	24,000,000	(5,871,316)	(3,505,304)	349,895,390

Pledged as security

No assets have been pledged as security.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

3. Property, plant and equipment

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	106,558,756	-	106,558,756	106,616,800	-	106,616,800
Community	1,148,677,330	(736,372,749)	412,304,581	1,185,072,728	(743,094,851)	441,977,877
Infrastructure	2,033,817,158	(7,702,887,934)	4,330,929,224	1,875,540,658	(7,462,108,030)	4,413,432,628
Buildings	475,538,341	(321,046,175)	154,492,166	474,559,116	(298,416,390)	176,142,726
Other property, plant and equipment	210,419,409	(119,725,079)	90,694,330	198,916,570	(126,969,150)	71,947,420
Total	**3,975,010,994**	**(8,880,031,937)**	**5,094,979,057**	**3,840,705,872**	**(8,630,588,421)**	**5,210,117,451**

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
Land	106,616,800	-	(58,044)	-	-	106,558,756
Community	441,977,877	22,000,890	(207,301)	(50,206,164)	(1,260,721)	412,304,581
Infrastructure	4,413,432,628	233,608,828	(17,081,957)	(296,910,466)	(2,119,809)	4,330,929,224
Buildings	176,142,726	1,594,166	-	(23,019,197)	(225,529)	154,492,166
Other property, plant and equipment	71,947,420	26,981,044	(2,296,918)	(5,892,454)	(44,762)	90,694,330
	5,210,117,451	**284,184,928**	**(19,644,220)**	**(376,028,281)**	**(3,650,821)**	**5,094,979,057**

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Disposal accumulated depreciation	Disposal accumulated impairment	Depreciation	Impairment loss	Total
Land	105,826,001	1,200,000	(409,201)	-	-	-	-	106,616,800
Community	452,962,018	58,050,345	(4,014,859)	2,550,028	94,909	(54,878,231)	(12,786,333)	441,977,877
Infrastructure	4,390,979,821	334,342,791	(45,386,058)	30,844,073	2,414,876	(279,566,885)	(20,195,990)	4,413,432,628
Buildings	201,329,251	211,553	(613,022)	311,880	55,982	(23,279,781)	(1,873,137)	176,142,726
Other property, plant and equipment	55,570,747	23,713,227	(4,644,993)	3,313,113	156,586	(5,816,374)	(344,886)	71,947,420
	5,206,667,838	**417,517,916**	**(55,068,133)**	**37,019,094**	**2,722,353**	**(363,541,271)**	**(35,200,346)**	**5,210,117,451**

Pledged as security

No assets pledged as security:

Figures in Rand	2023	2022

3. Property, plant and equipment (continued)

Carrying amounts of infrastructure projects experiencing delays or halted:

Property, plant and equipment that was not used for any period of time during the reporting period that significantly impacted the delivery of goods and services of the entity (Carrying amount)		
Jouberton Youth Development Centre (SAFA Safe Hub)	1,275,670	-
Anti-tampering pillar boxes	-	296,710
Construction of an Athletic Track and Field at Matlosana Stadium in Jouberton	4,648,180	4,648,180
Jouberton Central Park Development	172,088	172,088
Alabama Substation	35,920,673	34,251,045
Municipal Service Centre (Thusong Centre)	1,837,738	1,837,738
Jouberton Event Space (Open Air Amphitheatre and Play Park)	518,948	518,948
	44,373,297	**41,724,709**

Jouberton Youth Development Centre (SAFA Safe Hub) - Project is in the inception phase and due to limited budget allocation, the project will only be implemented when budget becomes available

Construction of an Athletic Track and Field at Matlosana Stadium in Jouberton - Project was halted due to budget shortfall (MIG). Request for internal funding to complete the project have been sent through to council, however it has not been approved as yet.

Alabama Substation - This project is neither halted nor delayed,this project will only be completed once the Construction of 88KV Medium Voltage Loop-in-loop out Line in Alabama Substation project have been completed, which is currently not completed and remain in WIP, as these two mentioned projects run in conjunction with each other.

Jouberton Central Park Development - Project is in inception phase and delayed, and due to limited budget allocation (NDPG), the project will only move over to construction phase once additional budget becomes available.

Municipal Service Centre (Thusong Centre) - Project is in inception phase and delayed, and due to limited budget allocation (NDPG), the project will only move over to construction phase once additional budget becomes available.

Jouberton Event Space (Open Air Amphitheatre and Play Park) - Project is in inception phase and delayed, and due to limited budget allocation (NDPG), the project will only move over to construction phase once additional budget becomes available.

Reconciliation of Work-in-Progress 2023

	Included within Infrastructure	Included within Community	Total
Opening balance	783,377,439	125,075,779	908,453,218
Additions/capital expenditure	163,296,115	18,298,299	181,594,414
Transferred to completed items	(173,301,773)	(58,215,426)	(231,517,199)
	773,371,781	**85,158,652**	**858,530,433**

Reconciliation of Work-in-Progress 2022

	Included within Infrastructure	Included within Community	Total
Opening balance	621,627,934	71,485,245	693,113,179
Additions/capital expenditure	317,842,320	53,590,534	371,432,854
Transferred to completed items	(157,742,222)	-	(157,742,222)
	781,728,032	**125,075,779**	**906,803,811**

3. Property, plant and equipment (continued)

Expenditure incurred to repair and maintain property, plant and equipment

Repairs and maintenance

The municipality's amount is R174 308 501 (2021-22 R206 162 348) for the financial reporting year. In determining the repairs and maintenance amount the municipality has exclusively disclosed amounts charged by service providers.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

4. Intangible assets

	2023			2022		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	1,297,383	-	1,297,383	1,297,383	-	1,297,383

Reconciliation of intangible assets - 2023

	Opening balance	Total
Computer software, other	1,297,383	1,297,383

Reconciliation of intangible assets - 2022

	Opening balance	Total
Computer software, other	1,297,383	1,297,383

Pledged as security

No assets pledged as security:

Factors considered in determining assets with indefinite useful lives

(a) The asset could be efficiently managed by another management team
(b) There are not a lot of competitors or potential competitors that would be able through their action to effect the lifespan of the intangible asset
(c) There is very little if any maintenance expenditure associated with the intangible assets to keep deriving service potential from the intangible assets
(d)The useful life of the assets is not dependant on the useful life of other assets of the municipality

5. Heritage assets

	2023			2022		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Museum collectable, monuments and heritage sites	9,988,944	(21,580)	9,967,364	10,001,338	(21,480)	9,979,858

Reconciliation of heritage assets 2023

	Opening balance	Disposals	Impairment losses recognised	Total
Museum collectable, monuments and heritage sites	9,979,858	(12,394)	(100)	9,967,364

Reconciliation of heritage assets 2022

	Opening balance	Additions	Disposals	Impairment losses recognised	Total
Museum collectable, monuments and heritage sites	9,995,969	17,580	(24,190)	(9,501)	9,979,858

Heritage assets which fair values cannot be reliably measured

A number of heritage assets were identified during the current year's verification. Although these assets were recorded in the register as required by the MFMA, the nature of the assets did not allow for values to be assigned to them. It was impracticable to do so as no fair values exists for these assets.

Restricted title

There are no restrictions on the title to assets.

Figures in Rand	2023	2022

5. Heritage assets (continued)

Pledged as security

No assets are pledged as security.

6. Other financial assets

Designated at fair value		
Investments The Sanlam Capital Guaranteed Fund is a unit trust which is comprised of stock exchange securities in which investors can buy units. The units trusts are measured at fair value using quoted market prices.	12,094,383	11,337,586
Non-current assets		
Designated at fair value	12,094,383	11,337,586

Financial assets at fair value

Fair value hierarchy of financial assets at fair value

For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements. The fair value hierarchy have the following levels:

Level 1 represents those assets which are measured using unadjusted quoted prices in active markets for identical assets.

Level 2 applies inputs other than quoted prices that are observable for the assets either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 applies inputs which are not based on observable market data.

Fair values of financial assets measured or disclosed at fair value

Class 1 The unit trusts are measured based on the fair value of quoted market prices.	12,094,383	11,337,586

Nominal value of financial assets at cost

Sanlam Capital guaranteed fund - 040710409X0	756,775	709,617
Sanlam Capital guaranteed fund - 040644725X0	11,337,608	10,627,969
	12,094,383	**11,337,586**

7. Other receivables

Loan to Klerksdorp Rolbalklub		
Short term portion of loan	-	7,357

An existing loan to the Klerksdorp Rolbalklub is being repaid with an interest rate of 5% applicable. The MFMA stopped the practice of giving loans to sport bodies.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

8. Inventories

Consumable stores	48,998,560	35,140,443
Water for distribution	3,076,767	3,087,095
Fuel (Diesel, Petrol)	280,844	238,221
Museum stores - at authorised value	57,930	73,421
	52,414,101	**38,539,180**

Inventories recognised as an expense during the year	59,238,296	38,390,842

Inventories write downs recognised as an expense during the year 2022/23 (R1 459 780,89) 2021/22 (R 271 692).

Inventory pledged as security

No inventory is pledged as security.

9. Receivables from exchange transactions

Receivables	10,386,366	8,945,964
Housing and housing rentals	1,950,000	1,700,000
Impairment of other receivables	(4,611,178)	(4,611,178)
	7,725,188	**6,034,786**

Trade and other receivables impaired

As of June 30, 2023, trade and other receivables of R 4,611,178 (2022: R 4,611,178) were impaired and provided for.

Reconciliation of provision for impairment of trade and other receivables

Opening balance	(4,405,176)	(4,068,015)
Provision for impairment	-	(337,161)
	(4,405,176)	**(4,405,176)**

10. Receivables from non-exchange transactions

Fines (statutory receivable)	75,986,529	70,961,049
Impairment of fines	(75,986,529)	(70,961,049)
	-	**-**

Receivables from non-exchange (statutory receivable) transactions impaired

As of June 30, 2023, other receivables from non-exchange transactions of R 75,986,529 (2022: R 70,961,049) were impaired and provided for.

The amount of the provision was R 5,025,480 as of June 30, 2023 (2022: R 2,424,600).

Reconciliation of provision for impairment of receivables from non-exchange (statutory receivable) transactions

Opening balance	(70,961,049)	(68,536,449)
Provision for impairment	(5,025,480)	(2,424,600)
	(75,986,529)	**(70,961,049)**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

11. VAT receivable

Value Added Tax	301,873,312	209,843,653

12. Consumer debtors

Gross balances		
Rates (statutory receivables)	443,209,503	392,830,994
Electricity	575,589,588	516,591,901
Water	2,543,662,404	2,172,984,849
Sewerage	356,720,812	318,130,354
Refuse	653,918,773	560,643,178
Other service charges	250,868,197	219,963,570
VAT on consumer debtors	624,154,893	532,466,918
Interest on overdue accounts	2,515,896,445	2,039,319,234
	7,964,020,615	**6,752,930,998**
Less: Allowance for impairment		
Rates (statutory receivables)	(418,126,281)	(366,046,214)
Electricity	(543,014,382)	(481,368,609)
Water	(2,399,705,095)	(2,024,822,094)
Sewerage	(336,532,375)	(296,438,958)
Refuse	(616,910,565)	(522,416,295)
Other service charges	(236,670,435)	(204,939,732)
VAT on consumer debtors	(588,831,158)	(496,161,204)
Interest on overdue accounts	(2,373,496,200)	(1,900,270,333)
	(7,513,286,491)	**(6,292,463,439)**
Net balance		
Rates (statutory receivables)	25,083,222	26,784,780
Electricity	32,575,206	35,223,292
Water	143,957,309	148,162,755
Sewerage	20,188,437	21,691,396
Refuse	37,008,208	38,226,883
Other service charges	14,197,762	15,023,838
Value added tax on consumer debtors	35,323,735	36,305,714
Interest on overdue accounts	142,400,245	139,048,901
	450,734,124	**460,467,559**
Included in above is receivables from exchange transactions		
Electricity	32,575,206	35,223,292
Water	143,957,309	148,162,755
Sewerage	20,188,437	21,691,396
Refuse	37,008,208	38,226,883
Other service charges	14,197,762	15,023,838
Value added tax on consumer debtors	35,323,735	36,305,714
Interest on overdue accounts	142,400,245	139,048,901
	425,650,902	**433,682,779**
Included in above is receivables from non-exchange transactions (taxes and transfers)		
Rates (statutory receivables)	25,083,222	26,784,780
Net balance	**450,734,124**	**460,467,559**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

12. Consumer debtors (continued)

Rates		
Current (0 -30 days)	47,777,955	41,696,688
31 - 60 days	11,589,994	11,921,531
61 - 90 days	10,501,638	9,250,581
91 - 120 days	373,339,915	329,962,195
Provision for bad debts	(418,126,280)	(366,046,215)
	25,083,222	**26,784,780**
Electricity		
Current (0 -30 days)	147,210,473	57,851,920
31 - 60 days	22,034,130	16,338,924
61 - 90 days	13,538,195	13,393,418
91 - 120 days	392,806,791	352,911,573
Provision for bad debts	(543,014,383)	(405,272,543)
	32,575,206	**35,223,292**
Water		
Current (0 -30 days)	187,859,394	70,524,910
31 - 60 days	49,603,164	39,856,484
61 - 90 days	45,867,515	37,247,000
91 - 120 days	2,260,332,332	1,973,619,471
Provision for bad debts	(2,399,705,096)	(1,973,085,110)
	143,957,309	**148,162,755**
Sewerage		
Current (0 -30 days)	17,885,783	9,636,150
31 - 60 days	6,444,928	6,104,952
61 - 90 days	6,163,453	5,352,930
91 - 120 days	326,226,647	297,036,323
Provision for bad debts	(336,532,374)	(296,438,959)
	20,188,437	**21,691,396**
Refuse		
Current (0 -30 days)	26,944,954	13,213,390
31 - 60 days	11,238,201	9,777,016
61 - 90 days	10,965,948	9,231,769
91 - 120 days	604,769,669	528,421,003
Provision for bad debts	(616,910,564)	(522,416,295)
	37,008,208	**38,226,883**
Other services		
Current (0 -30 days)	29,162,748	19,595,729
31 - 60 days	3,316,173	4,267,816
61 - 90 days	1,929,979	9,234,919
91 - 120 days	216,459,296	186,904,770
Provision for bad debts	(236,670,434)	(204,979,396)
	14,197,762	**15,023,838**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

12. Consumer debtors (continued)

Value added tax on consumer debtors		
Current (0 -30 days)	43,312,947	25,559,734
31 - 60 days	13,877,062	11,367,567
61 - 90 days	11,740,478	11,144,334
91 - 120 days	555,224,406	484,395,283
Provision for bad debts	(588,831,158)	(496,161,204)
	35,323,735	**36,305,714**

Interest on overdue accounts		
Current (0 -30 days)	106,818,814	46,511,954
31 - 60 days	52,306,035	45,810,955
61 - 90 days	51,719,563	45,108,184
91 - 120 days	2,305,036,837	1,901,888,141
Provision for bad debts	(2,373,481,004)	(1,900,270,333)
	142,400,245	**139,048,901**

Reconciliation of allowance for impairment		
Balance at beginning of the year	(6,292,463,439)	(5,039,633,689)
Contributions to allowance	(1,494,001,361)	(1,386,837,591)
Debt impairment written off against allowance	273,178,309	134,007,841
	(7,513,286,491)	**(6,292,463,439)**

Statutory receivables general information

Property rates (Statutory receivable)Property rates (Statutory receivable)

Included in consumer debtors above, are amounts receivable by the municipality as a result of Rates levied and billed as per the Municipal Property Rates Act No. 6 of 2004.
The rates are calculated using the value of the property and the applicable tariff which is based on the usage of the property, this will also be subject to any applicable rebates based on the nature of the consumer.

The rates receivables have been impaired collectively with other consumer debtors and a discount rate of 11,75% (based on the prevailing prime lending rate as at 30 June 2023) was applied to the estimated future cash flows.

Consumer debtors pledged as security

None of the consumer receivables were pledged as security for any financial liability.

13. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	68,500	68,500
Bank balances	17,945,045	23,545,195
Short-term deposits	74,665,332	189,969,975
	92,678,877	**213,583,670**

13. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2023	June 30, 2022	June 30, 2021
ABSA BANK - Cheque Account - 4060008684	425,411	412,892	406,245	425,411	412,892	406,245
ABSA BANK - Cheque Account - 01000100176	2,663,777	6,608,022	7,025,734	13,246,917	27,008,789	(475,307)
ABSA BANK - Cheque Account - 950164379 (Council water)	1,495,956	1,338,367	367,680	1,567,846	(4,997,774)	2,568,086
ABSA BANK - Cheque Account - 950000090 (Market)	2,001,231	415,482	970,662	2,554,244	970,662	970,662
ABSA Bank - 407826177 - Call Account	184,280	35,859,329	25,952,017	184,280	35,996,742	26,045,411
ABSA Bank - 4081494682 - Call	43,782	48,306,112	27,889,522	43,764	48,501,570	27,973,184
ABSA Bank - 4086111223 -Call Account	5,389,952	11,736,143	1,475,978	5,389,952	11,779,551	1,479,921
ABSA Bank - 4073033854 - Call Account	9,528,573	2,448,730	9,160,399	9,528,573	2,454,555	9,174,925
ABSA Bank - 9056825047 - Call Account	7,692,752	294,659	3,776,708	7,692,752	295,519	3,789,287
ABSA Bank - 9074204063 -Call Account	2,712,116	756,613	3,476,738	2,712,116	758,453	3,483,260
ABSA Bank - 9090072264 - Call Account	1,549	30,033,545	42,047,625	1,549	30,119,437	42,124,482
Investec Bank - 1400057452500 Call Account	7,704,406	7,212,680	6,950,101	7,704,406	7,212,680	6,950,101
FNB - 71037411669 - Collateral	57,003	53,946	51,847	57,021	53,962	51,847
Nedbank - 03/7881151374 -Call Account	-	23,869,560	57,761,051	-	23,960,788	57,922,465
FNB - 70379020873 - Collateral	14,000	14,000	14,000	14,000	14,000	14,000
ABSA Bank - Call Account - 4071085841 (Housing)	157,601	153,773	152,091	150,627	150,627	150,627
FNB - 62879341700 - Call Account	23,529,053	28,822,717	59,787,675	23,529,053	28,822,717	59,787,675
ABSA Bank - 9377065203 -Call Account	17,807,866	-	-	17,807,866	-	-
Total	**81,409,308**	**198,336,570**	**247,266,073**	**92,610,377**	**213,515,170**	**242,416,871**

14. Other financial liabilities

	2023	2022
At amortised cost		
DBSA Loans	9,363,331	12,866,178
Redefine	16,590,265	24,109,080
	25,953,596	**36,975,258**
Total other financial liabilities	**25,953,596**	**36,975,258**

Figures in Rand	2023	2022

14. Other financial liabilities (continued)

DBSA Loan

Type of loan	Annuity loan
Original amoumt	R35 269 878
Period of loan	15 years
Date loan received	September 2010
Redemption date	September 2025
Interest rate	Fixed 10.56%
Purpose of loan	Bulk Infrastructure
Terms and conditions	Payable on monthly basis.

Redefine Loan

Type of loan	Annuity loan
Original amoumt	R51 987 915,58
Period of loan	10 years
Date loan received	August 2016
Redemption date	August 2026
Purpose of loan	Road construction
Terms and conditions	Payable on monthly basis

	2023	2022
Non-current liabilities		
At amortised cost	14,538,487	33,472,410
Current liabilities		
At amortised cost	11,415,109	3,502,848

15. Payables from exchange transactions

	2023	2022
Trade payables	3,148,875,866	2,384,826,845
Payments received in advanced	112,997,004	81,745,286
Accrued leave pay	104,287,888	94,787,058
Retentions	27,304,320	33,728,746
Agency Fee Payable	37,872,001	54,639,077
Sundry creditors	4,886,054	23,160,478
Housing : Absa bank account	150,627	150,627
13th Cheque Accrual	15,468,532	14,838,452
	3,451,842,292	**2,687,876,569**

16. Consumer deposits

	2023	2022
Water and Electricity	46,501,593	41,774,897

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

17. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Municipal Infrastructure Grant	21,375,948	194,412
Integrated National Electrification Programme (INEP)	4,430,725	-
Financial Management Grant (FMG)	103,741	10,476
Department of Water Affairs and Forestry (DWAF)	276,464	276,464
Water Services Infrastructure Grant (WSIG)	5,755,625	1,499,776
Expanded Public Works Programme (EPWP)	30,151	30,128
Fire Grant	557,326	557,326
Library Grant	2,095,313	2,042,747
Neighbourhood Development Partnership Grant (NDPG)	8,078,938	7,256,807
Dr Kenneth Kaunda District Municipality	213,176	213,176
Disaster Assessment Management Grant	200,000	200,000
District Grant	4,581,284	4,581,284
Museum Grant	321,601	22,851
Disaster Management Grant (COVID)	8,251,904	8,251,904
Energy Efficiency Demand Side Management (EEDSM)	2,540	-
	56,274,736	**25,137,351**

Figures in Rand	2023	2022

18. Employee benefit obligations

Reconciliation of employee benefit obligations - 2023	Opening Balance	Movement	Utilised during the year	Total
Continuous medical aid contribution	303,199,000	(3,696,000)	(14,871,000)	284,632,000
Long service awards	40,773,000	5,990,000	(4,307,000)	42,456,001
	343,972,000	**2,294,000**	**(19,178,000)**	**327,088,001**

Reconciliation of employee benefit obligations - 2022	Opening Balance	Movement	Utilised during the year	Total
Continuous medical aid contribution	289,311,000	27,618,000	(13,730,000)	303,199,000
Long service awards	39,062,000	5,356,000	(3,645,000)	40,773,000
	328,373,000	**32,974,000**	**(17,375,000)**	**343,972,000**

Carrying values		
Non - current liabilities	305,691,000	324,794,000
Current liabilities	21,397,000	19,178,000
	327,088,000	**343,972,000**

Post retirement medical aid plan

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current conditions of service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

In accordance with the requirements of GRAP 25, the projected unit credit method has been applied. The assumption underlying the funding method is that the employer's post employment medical scheme costs in respect of an employee should be fully recognised by the time that the employee reaches fully accrued age. The valuation has been made with reference Actuarial Society of South Africa (ASSA) guidelines, in particular, the Advisory Practice Note 207, and is consistent with the requirements of GRAP 25.

Changes in the present value of the defined benefit obligation:	2023	2022
Opening balance	303,199,000	289,311,000
Service cost	9,299,000	8,941,000
Interest cost	34,836,000	28,063,000
Actuarial loss/ (gain)	(47,831,000)	(9,386,000)
Expected contributions	(14,871,000)	(13,730,000)
	284,632,000	**303,199,000**

Key financial assumptions	2023	2022
Discount rate	12,37%	11,77%
Health care cost inflation rate	7,97%	8,40%
Net discount rate	4,08%	3,01%
	-	-

Key demographic assumptions	2023	2022
Average retirement age	62	62
Proportion with a spouse dependant at retirement	55%	55%
Proportion of in-service non-members joining a scheme by retirement and continuing with the subside at retirement	15%	15%
Mortality during employment	SA 85-90 light	SA 85-90 light
Mortality post- employment	PA(90) -1	PA(90) -1

18. Employee benefit obligations (continued)

Sensitivity analysis

Additional text

Sensitivity analysis on accrued liability	Change	Eligible employees	Continuation members	Total	% change
Central assumptions		132.833	151.799	284.632	
Health care inflation rate	+1%	158.362	164.633	322.995	13%
	-1%	112.308	140.511	252.819	-11%
Discount rate	+1%	113.187	141.017	254.204	-11%
	-1%	157.494	164.215	321.709	13%
Post employment mortality	+1 yr	129.554	146.570	276.124	-3%
	-1 yr	136.064	157.048	293.112	3%
Average retirement age	-1 yr	145.395	151.799	297.194	4%
Membership continuation	-10%	114.808	151.799	266.607	-6%

Sensitivity analysis on current- service and interest costs for the year ending 28/02/2023	Change	Current Svc. Cost	Interest cost	Total	% change
Central assumptions	-	9,299,000	34,836,000	44,135,000	-
Health care inflation rate	+1%	11,483,000	40,001,000	51,484,000	17%
	-1%	7,601,0	30,597,000	38,198,0	-13%
Discount rate	+1%	7,727,000	33,357,000	41,084,000	-7%
	-1%	11,331,0	36,492,0	47,823,0	8%
Post-employment mortality	+1%	9,047,000	33,692,000	42,739,000	-3%
	-1%	9,550,000	35,981,000	45,531,000	3%
Average retirement age	-1 yr	9,989,000	36,327,000	46,316,000	5%
Membership continuation	-10%	8,060,000	32,588,000	40,648,000	-8%

Long service awards

The municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a long-service award is payable after 10 years of continuous service, and every 5 years of continuous service thereafter, to employees. The provision is an estimate of the long-service based on historical staff turnover.

Changes in the present value of the defined benefit obligation:	2023	2022
Opening balance	40,773,000	39,062,000
Service cost	3,212,000	3,144,000
Interest cost	4,181,000	3,349,000
Actuarial loss/(gain)	(1,403,000)	(1,137,000)
Expected benefits	(4,307,000)	(3,645,000)
	42,456,000	40,773,000
	42,456,000	**40,773,000**

18. Employee benefit obligations (continued)

The expected vesting is the total value of the long-service awards that were expected to be awarded to eligible employees over the year, based on the data at the previous valuation date. Employees are usually entitled to take this award in whole or in part as cash, with the remainder taken as leave.

At the previous valuation, employees' costs to council were provided to determine the Rand value of the long service award provision. At this valuation, it was established that the long service award earnings definition is used in practice. The impact of this change in the long service awards earnings definition is disclosed above.

Key financial assumptions	2023	2022
Discount rate	10.92%	10.81%
General earnings inflation rate (long-term)	6.39%	7.33%
Net effective discount rate	4.26%	3.24%

Key demographic assumptions	2023	2022
Average retirement age	62	62
Mortality during employment	SA 85-90 light	SA 85-90 light

The table below indicates that if earnings inflation is one percentage point greater than the long-term assumption made, the liability will be 6% higher than the results shown.

Sensitivity analysis on the unfunded accrued liability	Change	Liability	% Change
Central assumptions		42 456 000	
General earnings inflation rate	+1%	44 568 000	5%
	-1%	40 508 000	-5%
Discount rate	+1%	40 430 000	-5%
	-1%	44 688 000	5%
Average retirement age	+2 yrs	46 709 000	10%
	-2 yrs	37 627 000	-11%
Withdrawal rates	x2	35 917 000	-15%
	x0.5	46 657 000	10%

Sensitivity analysis on current-service and interest costs for year ending 30/06/2023	Change	Current- Svc. Cost	Interest cost	Total	% change
Central assumptions		3,212,000	4,181,000	7,393,000	
General earnings inflation rate	+1%	3 433 000	4 420 000	7 853 000	6%
	-1%	3 011 000	3 960 000	6 971 000	-6%
Discount rate	+1%	3 032 000	4 316 000	7 348 000	-1%
	-1%	3 413 000	4 025 000	7 438 000	1%
Average retirement age	+2 yrs	3 515 000	4 640 000	8 155 000	10%
	-2 yrs	2 894 000	3 681 000	6 575 000	-11%
Withdrawal rates	x2	2 478 000	3 426 000	5 904 000	-20%
	x0.5	3 723 000	4 672 000	8 395 000	14%

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

19. Provisions

Reconciliation of provisions - 2023

	Opening Balance	Additions	Change in estimate	Total
Environmental rehabilitation	140,044,856	16,553,302	(6,837,742)	149,760,416

Reconciliation of provisions - 2022

	Opening Balance	Additions	Change in estimate	Total
Environmental rehabilitation	127,223,050	11,776,338	1,045,468	140,044,856

Environmental rehabilitation provision

In terms of the licensing of the landfill refuse sites, the municipality will incur rehabilitation costs to restore the site at the end of its useful life. Provision has been made for the net present value of this cost.

Assumption used

- The discount rate used of 11.82% is the weighted average cost of capital (WACC) calculated for both the Klerksdorp and Hartbeesfontein landfill sites.
- The scheduled dates of total closure and rehabilitation are anticipated to be between 2025 and 2038.

20. Housing Project Liability

The City of Matlosana entered into a catalytic project with the department of Human Settlements and MXN Development Construction (Pty) Ltd (the contractor) in order to make land available for development. The municipality receives money from the department which it then uses to pay the contractor for the development of bulk infrastructure and recognises the infrastructure as an asset and the money used to pay the contractor as revenue.

Reconciliation of Amounts received from the department of Human Settlements

	2023	2022
Opening balance	38,505,544	48,886,842
Receipts	100,000,000	250,000,000
Utilised	(139,065,689)	(260,381,298)
Transfers	560,145	-
	-	**38,505,544**

Reconciliation of the Housing project liability

	2023	2022
Amount due to the Department of Human Settlements	-	12,307,838
Amount due to MXN Development Construction	-	26,197,706
	-	**38,505,544**

21. Service charges

	2023	2022
Sale of electricity	832,426,519	872,296,577
Sale of water	736,245,524	649,775,466
Sewerage and sanitation charges	141,353,903	125,337,767
Refuse removal	195,290,904	167,811,716
	1,905,316,850	**1,815,221,526**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

22. Investment revenue

Interest revenue

Bank	15,304,450	10,646,113
Interest charged on consumer debtors	550,754,201	461,321,538
	566,058,651	**471,967,651**

23. Property rates

Rates received

Total rates received	456,396,936	451,441,226

Valuations

Residential	21,466,419,178	21,311,020,166
State	1,150,574,100	1,028,572,100
Municipal	1,193,386,644	1,056,568,844
Agricultural	2,337,444,400	2,342,238,401
Business	6,067,061,475	6,189,535,308
	32,214,885,797	**31,927,934,819**

Valuations on land and buildings are performed every 5 years. The valuations were done by DDP Valuers on behalf of the municipality.

The general valuation was implemented on 01 July 2020.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

24. Government grants & subsidies

Operating grants		
Equitable share	545,269,807	484,096,443
National: Expanded Public Works Program (EPWP)	2,180,978	1,755,872
Financial Management Grant (FMG)	3,006,735	3,122,688
Disaster Management Grant (COVID)	-	15,897,319
Library Grant	857,435	1,348,537
Museum Grant	179,250	221,370
	551,494,205	**506,442,229**
Capital grants		
Municipal Infrastructure Grant (MIG)	68,005,464	97,356,588
Integrated National Electrification Programme Grant (INEP)	24,633,275	-
Neighbourhood Development Partnership Grant (NDPG)	12,921,062	55,743,192
Water Services Infrastructure Grant (WSIG)	6,905,151	8,500,224
Energy Efficiency Demand Side Management Grant (EEDSM)	2,997,460	-
	115,462,412	**161,600,004**
	666,956,617	**668,042,233**

Municipal Infrastructure Grant

Balance unspent at beginning of year	194,412	63,120
Current-year receipts	89,187,000	97,551,000
Conditions met - transferred to revenue	(68,005,464)	(97,356,588)
Roll over denied	-	(63,120)
	21,375,948	**194,412**

An amount of R100 187 000 was allocated to the municipality. However an amount of R11 000 000 was withheld by National Treasury.

Conditions still to be met - remain liabilities (see note 17)

The purpose of this grant is to provide specific capital finance for eradicating basic municipal infrastructure backlogs for poor house holds, micro enterprise and social institutions servicing poor communities.

Integrated National Electrification Programme Grant (INEP)

Balance unspent at beginning of year	-	3,315,010
Current-year receipts	29,064,000	-
Conditions met - transferred to revenue	(24,633,275)	-
Roll over denied	-	(3,315,010)
	4,430,725	**-**

Conditions still to be met - remain liabilities (see note 17).

The purpose of the grant is to implement the Integrated National Electrification Programme by providing capital subsidies to municipalities to address the electrification backlog of all existing and planned residential dwellings and the installation of relevant bulk infrastructure..

Financial Management Grant

Balance unspent at beginning of year	10,476	71,140
Current-year receipts	3,100,000	3,100,000
Conditions met - transferred to revenue	(3,006,735)	(3,089,524)
Other	-	(71,140)

24. Government grants & subsidies (continued)

	2023	2022
	103,741	**10,476**

Conditions still to be met - remain liabilities (see note 17).

The purpose of the grant is to promote and support reforms in financial management by building capacity in municipalities to implement the municipal finance management act.

DWAF

	2023	2022
Balance unspent at beginning of year	276,464	276,464

Conditions still to be met - remain liabilities (see note 17).

The purpose of the grant is to provide water to support economical, social and environmental sectors.

WSIG

	2023	2022
Balance unspent at beginning of year	1,499,776	2,322,186
Current-year receipts	11,161,000	10,000,000
Conditions met - transferred to revenue	(6,905,151)	(8,500,224)
Roll over denied	-	(2,322,186)
	5,755,625	**1,499,776**

An amount of R15 676 000 was allocated to the municipality. However an amount of R4 515 000 was withheld by National Treasury.

Conditions still to be met - remain liabilities (see note 17).

The purpose of the grant is to provide water services.

EPWP

	2023	2022
Balance unspent at beginning of year	30,128	-
Current-year receipts	2,181,000	-
Conditions met - transferred to revenue	(2,180,977)	-
Roll over	-	30,128
	30,151	**30,128**

Conditions still to be met - remain liabilities (see note 17).

Provide explanations of conditions still to be met and other relevant information.

Fire

	2023	2022
Balance unspent at beginning of year	557,326	557,326

Conditions still to be met - remain liabilities (see note 17).

Library

	2023	2022
Balance unspent at beginning of year	2,042,747	2,391,284
Current-year receipts	910,000	1,000,000
Conditions met - transferred to revenue	(857,434)	(1,348,537)
	2,095,313	**2,042,747**

Conditions still to be met - remain liabilities (see note 17).

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

24. Government grants & subsidies (continued)

The purpose of the grant is to provide for Library Services.

NDPG Grant

Balance unspent at beginning of year	7,256,807	3,589,877
Current-year receipts	21,000,000	63,000,000
Conditions met - transferred to revenue	(12,921,062)	(55,743,193)
Roll-over denied	(7,256,807)	(3,589,877)
	8,078,938	**7,256,807**

An amount of R30 000 000 was allocated to the municipality. However an amount of R9 000 000 was withheld by National Treasury.

Conditions still to be met - remain liabilities (see note 17).

District MEYMP

Balance unspent at beginning of year	213,176	213,176

Conditions still to be met - remain liabilities (see note 17).

The purpose of the grant is to fund small-scale, short-term activities that address needs in your community and communities abroad. Each district chooses which activities it will fund with these grants.

Disaster Assessment Management Grant

Balance unspent at beginning of year	200,000	200,000

Conditions still to be met - remain liabilities (see note 17).

The purpose the grant is to ensure that sufficient funds are available in the event of disasters.

District Grant

Balance unspent at beginning of year	4,581,284	4,581,284

Conditions still to be met - remain liabilities (see note 17).

The purpose of the grant is to fund small-scale, short-term activities that address needs in your community and communities abroad. Each district chooses which activities it will fund with these grants.

Museum Grant

Balance unspent at beginning of year	22,851	10,221
Current-year receipts	478,000	234,000
Conditions met - transferred to revenue	(179,250)	(221,370)
	321,601	**22,851**

Conditions still to be met - remain liabilities (see note 17).

The purpose of the grant is to enable museums to focus on excellence in their programs and operations and to contribute to the understanding of the world and our place in it - our past, our present, and our future.

Disaster Assessment Management Grant (COVID)

Balance unspent at beginning of year	8,251,904	24,149,223

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

24. Government grants & subsidies (continued)

Conditions met - transferred to revenue	-	(15,897,319)
	8,251,904	**8,251,904**

Conditions still to be met - remain liabilities (see note 17).

The purpose of the grant to assist the municipality and community in reducing the financial burden caused by the COVID 19 pandemic.

EEDSM

Balance unspent at beginning of year	-	731,811
Current-year receipts	3,000,000	-
Conditions met - transferred to revenue	(2,997,460)	-
Roll over denied	-	(731,811)
	2,540	**-**

An amount of R5 000 000 was allocated to the municipality. However an amount of R2 000 000 was withheld by National Treasury.

Conditions still to be met - remain liabilities (see note 17).

The purpose of the grant is to provide for electricity.

25. Revenue

Sale of goods	19,959,610	18,771,956
Service charges	1,905,316,850	1,815,221,526
Rental of facilities and equipment	4,135,017	4,217,688
Licences and permits	7,218,936	7,701,222
Commissions received	13,830,750	13,735,741
Royalties received	43,478,419	85,199,347
Rental income	4,494,325	3,583,304
Discount received	4,948,236	3,174,222
Other income	17,538,278	15,680,564
New connections	701,040	685,273
Interest received - investment	566,058,651	471,967,651
Property rates	456,396,936	451,441,226
Interest on property rates	50,406,437	43,424,197
Donation received	98,146,072	25,016,401
Donation from Dept Human Settlements	-	218,892,037
Government grants & subsidies	666,956,617	668,042,233
Fines, Penalties and Forfeits	8,868,764	5,170,607
	3,868,454,938	**3,851,925,195**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

25. Revenue (continued)

The amount included in revenue arising from exchanges of goods or services are as follows:		
Sale of goods	19,959,610	18,771,956
Service charges	1,905,316,850	1,815,221,526
Rental of facilities and equipment	4,135,017	4,217,688
Licences and permits	7,218,936	7,701,222
Commissions received	13,830,750	13,735,741
Royalties received	43,478,419	85,199,347
Rental income	4,494,325	3,583,304
Discount received	4,948,236	3,174,222
Other income	17,538,278	15,680,564
New Connection Fees	701,040	685,273
Interest received - investment	566,058,651	471,967,651
	2,587,680,112	**2,439,938,494**

The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	456,396,936	451,441,226
Interest on property rates	50,406,437	43,424,197
Surcharges and Taxes	98,146,072	25,016,401
Donation received	-	218,892,037
Transfer revenue		
Government grants & subsidies	666,956,617	668,042,233
Fines, Penalties and Forfeits	8,868,764	5,170,607
	1,280,774,826	**1,411,986,701**

26. Donation from Department of Human Settlements

Infrastructure from Department of Human Settlements	-	218,892,037

The municipality has an agreement with the Department of Human Settlements for the development of land for housing the community. The bulk infrastructure that has been developed is for the benefit of the municipality and community hence it constitutes as revenue for the City of Matlosana.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

27. Employee related costs

Basic	448,721,010	431,993,175
Medical aid - company contributions	48,900,263	47,292,368
UIF	3,883,090	3,889,979
WCA	3,266,478	2,766,181
SDL	6,180,656	6,123,733
Accrued leave pay movement	9,512,920	(21,700,351)
Defined contribution plans	(14,871,000)	(13,730,000)
Travel, motor car, accommodation, subsistence and other allowances	13,446,904	12,983,414
Overtime payments	69,475,476	61,809,667
Long-service awards	(1,095,000)	(501,000)
13th Cheques	33,962,488	33,144,891
Housing benefits and allowances	6,311,931	6,548,937
Professional membership fees	239,695	250,751
Pension fund	85,913,927	83,156,254
Leave paid out	7,032,140	11,089,671
Cellphone allowance	1,449,712	1,016,087
	722,330,690	**666,133,757**

Remuneration of municipal manager - TSR Nkhumise

Annual Remuneration	-	973,477
Car Allowance	-	226,799
Cellphone Allowance	-	20,000
Contributions to UIF, Medical and Pension Funds	-	15,292
	-	**1,235,568**

TSR Nkhumise was appointed as Municipal Manager from May 2017 to 30 April 2022.

Remuneration of Acting Municipal Manager - L Seametso

Annual Remuneration	487,008	198,106
Contributions to UIF, Medical and Pension Funds	5,579	1,368
Acting Allowance	-	21,872
	492,587	**221,346**

L Seametso was appointed as Acting MM from 01 May 2022 to 31 October 2022.

Remuneration of Acting Municipal Manager - MM Molawa

Annual Remuneration	202,097	-
Car Allowance	24,000	-
Contributions to UIF, Medical and Pension Funds	20,279	-
	246,376	**-**

MM Molawa was appointed as Acting MM from 01 November 2022 to 31 December 2022.

Remuneration of Municipal Manager - L Seametso

Annual Remuneration	743,148	-
Subsistence	2,090	-
Contributions to UIF, Medical and Pension Funds	8,515	-

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

27. Employee related costs (continued)

	-	-
	753,753	**-**

L Seametso was appointed as Municipal Manager from January to date.

Remuneration of Acting Chief Financial Officer - BO Kgoete

Annual Remuneration	-	449,774
Car Allowance	-	117,405
Acting Allowances	-	48,859
Contributions to UIF, Medical and Pension Funds	-	240,776
	-	**856,814**

Mr BO Kgoete was appointed acting chief financial officer from 01 May 2021 to 28 February 2022

Remuneration of Acting Chief Financial Officer - P Thelele

Acting Allowance	159,816	133,180
Contributions to UIF, Medical and Pension Funds	2,838	3,103
	162,654	**136,283**

Mr P Thelele was appointed acting Chief Financial Officer from 01 March 2022 to 31 December 2022

Remuneration of Chief Financial Officer - MM Phetla

Annual Remuneration	603,234	-
Contributions to UIF, Medical and Pension Funds	6,645	-
	609,879	**-**

Ms MM Phetla was appointed Chief Financial Officer from 01 January 2023 to date

Remuneration of Director Corporate Services - L Seametso

Annual Remuneration	198,106	990,532
Contributions to UIF, Medical and Pension Funds	2,350	13,448
Subsistence Allowance	1,421	1,603
	201,877	**1,005,583**

L Seametso went back to her position as Director Corporate Services from 01 November 2022 to 31 December 2022.

Remuneration of Acting Director of Corporate Services - M Botsheleng

Annual Remuneration	109,146	104,048
Acting Allowance	17,112	7,823
Contributions to UIF, Medical and Pension Funds	31,675	41,107
Subsistence	-	3,031
Travel allowance	19,951	-
	177,884	**156,009**

Mr M Botsheleng was appointed as acting Director Corporate Services from 01 May 2022 to 31 August 2022

Remuneration of Acting Director of Corporate Services - NM Moabelo

Annual Remuneration	436,584	-
Acting Allowance	29,236	-

Figures in Rand	2023	2022

27. Employee related costs (continued)

Contributions to UIF, Medical and Pension Funds	126,563	-
Car and Other Allowances	139,079	-
	731,462	**-**

Mr NM Moabelo was appointed as acting Director Corporate Services from 01 July 2022 to date

Remuneration of Director Planning and Human Settlements - BB Choche

Annual Remuneration	1,175,047	1,175,047
Car Allowance	244,280	240,000
Contributions to UIF, Medical and Pension Funds	15,803	17,921
	1,435,130	**1,432,968**

BB Choche has been appointed as the Director of Planning and Human Settlements from the 1st of March 2019.

Remuneration of Director Technical and Infrastructure - R Madimutsa

Annual Remuneration	211,841	1,271,047
Car Allowance	24,000	144,000
Contributions to UIF, Medical and Pension Funds	3,521	17,921
	239,362	**1,432,968**

R Madimutsa has been appointed as Director Technical and Infrastructure from February 2018 to 31 August 2022.

Remuneration of Director Community Development - MM Molawa

Annual Remuneration	415,034	939,692
Car Allowance	60,000	144,000
Contributions to UIF, Medical and Pension Funds	50,279	236,007
	525,313	**1,319,699**

MM Molawa was appointed as Director Community Development from February 2018 to 31 January 2023.

Remuneration of Director of Local Economic Development - LL Fourie

Annual Remuneration	158,881	952,525
Car Allowance	24,000	144,000
Contributions to UIF, Medical and Pension Funds	17,314	207,811
	200,195	**1,304,336**

LL Fourie was appointed as the Director of Local Economic from 01 March 2019 to 31 August 2022.

Remuneration of Acting Director Public Safety - AJS Marais

Annual Remuneration	272,865	-
Car And other Allowances	63,908	-
Contributions to UIF, Medical and Pension Funds	81,433	-
Acting Allowance	15,264	-
	433,470	**-**

AJS Marais was appointed As Acting Director Public Safety from February 2023 to date.

Remuneration of Director Public Safety - LJ Nkhumane

Annual Remuneration	559,546	959,754

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

27. Employee related costs (continued)

Car Allowance	84,000	144,000
Contributions to UIF, Medical and Pension Funds	57,662	104,197
	701,208	**1,207,951**

LJ Nkhumane was appointed as Director of Public safety from 01 February 2018 to 31 January 2023.

Remuneration of Acting Director of Local Economic Development - ND Makgetha

Annual Remuneration	326,580	-
Car and other Allowances	86,570	-
Subsistence	1,471	-
Contributions to UIF, Medical and Pension Funds	97,639	-
	512,260	**-**

ND Makgetha was appointed as the Acting Director of Local Economic Development from September 2022 till 28th February 2023.

Remuneration of Acting Director of Local Economic Development - PT Molelekwa

Annual Remuneration	180,807	-
Car Allowance	32,523	-
Contributions to UIF, Medical and Pension Funds	35,547	-
	248,877	**-**

PT Molelekwa was appointed Acting Director of Local Economic Development from April 1st to date .

Remuneration of Acting Director Infrastucture - JJ Pilusa

Annual Remuneration	623,148	-
Car Allowance	182,263	-
Contributions to UIF, Medical and Pension Funds	201,192	-
	1,006,603	**-**

JJ Pilusa was appointed as Acting Director Infrastructure from September to date.

Remuneration of Acting Director Community Services - MJ Masilo

Annual Remuneration	451,519	-
Car Allowance	114,076	-
Contributions to UIF, Medical and Pension Funds	122,811	-
	688,406	**-**

MJ Masilo was appointed Acting Director Community Services from February 2023 to date.

Figures in Rand	2023	2022

28. Remuneration of councillors

Executive Mayor	1,140,377	885,266
Speaker	929,159	900,724
Councillors	34,842,075	32,403,342
	36,911,611	**34,189,332**

In-kind benefits

The Executive Mayor, Deputy Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Mayor and the Deputy Mayor each have the use of separate Council owned vehicles for official duties.

The Executive Mayor has two full-time bodyguards

The salaries, allowances and benefits of councillors are within the upper limits of the framework envisaged in section 219 of the Constitution of South Africa.

Remuneration of Executive Mayor - ME Kgaile

Annual Remuneration	-	56,902
Councillors pension contributions	-	8,535
Cellphone allowance	-	3,700
Travel Allowance	-	21,812
	-	**90,949**

ME Kgaile became the Mayor from August 2016 to July 2021

Remuneration of Executive Mayor - NJ Tsolela

Annual Remuneration	724,476	498,272
Councillors pension contributions	103,960	42,677
Cellphone allowance	38,481	30,587
Travel Allowance	274,660	180,316
	1,141,577	**751,852**

Mr NJ Tsolela became Mayor from November 2021 to date.

Remuneration of Speaker- RW Ntozini

Annual Remuneration	-	191,038
Councillors pension contributions	-	26,562
Cellphone allowance	-	14,800
Medica aid Allowance	-	5,600
Travel Allowance	-	74,453
	-	**312,453**

Mr RW Ntozini became speaker from August 2016 till October 2021.

Remuneration of Speaker- SL Mondlane

Annual Remuneration	582,719	399,186

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

28. Remuneration of councillors (continued)

Councillors pension contributions	83,168	20,485
Cellphone allowance	42,600	29,600
Travel Allowance	221,374	139,842
	929,861	**589,113**

Ms SL Mondlane became a speaker from November 2022 to date.

Remuneration of Acting Executive Mayor - OR Thabanchu

Annual Remuneration		65,437
Cellphone allowance		3,700
Travel Allowance		21,812
		90,949

Mr OR Thabanchu became acting executive mayor from 01 October 2021 to 31 October 2021.

Remuneration of Chief Whip - K Ndincede

Annual Remuneration	546,301	536,787
Councillors pension contributions	77,970	76,818
Cellphone allowance	42,600	44,400
Travel Allowance	208,090	205,768
	874,961	**863,773**

Mr K Ndincede became the chief whip from June 2021 to date.

Remuneration of Councillors and Mayoral Committee Members

Annual Remuneration	22,447,229	20,579,550
Councillors pension contributions	1,360,472	1,165,388
Cellphone allowance	2,785,500	3,382,663
Medical aid contribution	234,720	234,720
Travel Allowance	8,015,252	7,701,096
	34,843,173	**33,063,417**

29. Depreciation and amortisation

Property, plant and equipment	379,302,379	363,540,490

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

30. Impairment loss

Impairments		
Property, plant and equipment	3,650,921	35,199,302
The assets that were impaired can be summarized as follow: For immovable assets (Infrastructure etc) the impairment was triggered by a change in the condition. For moveable assets, the impairment was triggered, either by a condition change during the physical verification, and or through the impairment of all moveable assets that could not physically be verified during this years physical verification, and with the intention of disposing these assets in line with the updated asset policy in the next financial year should these assets still not be verified during next years physical verification.		
Heritage assets	-	76
For heritage assets, the impairment was triggered, either by a condition change during the physical verification, and or through the impairment of all heritage assets that could not physically be verified during this years physical verification.		
	3,650,921	**35,199,378**

31. Finance costs

Non-current borrowings	1,192,575	1,543,978
Interest on landfill site	16,553,302	11,776,338
Interest on overdue accounts	232,160,898	112,186,625
	249,906,775	**125,506,941**

32. Debt impairment

Impairment of receivables from exchange transactions	-	337,161
Impairment of consumer debtors	1,381,465,877	1,282,024,700
Impairment of receivables from non-exchange transactions	5,025,480	2,424,600
	1,386,491,357	**1,284,786,461**

33. Bulk purchases

Electricity - Eskom	848,229,632	873,304,204
Water	456,035,510	388,987,628
	1,304,265,142	**1,262,291,832**

Electricity (losses in units)	197,854,298	224,393,020
Electricity (losses as %)	38%	38%
Water (losses in units)	22,746,405	18,655,012
Water (losses as %)	58%	51%
	220,600,799	**243,048,121**

Electricity and water are supplied by Eskom and the Midvaal Water Company.

The municipality is in the process of installing meters at all its premises to enable us to accurately measure and manage own use. A strategy has been developed to minimise distribution losses and it will be implemented over time due to budget constraints.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

34. Contracted services

Financial and Asset Management Services	11,398,425	16,381,166
Debt collection and Meter reading services	31,096,607	41,670,109
VAT management and recovery	7,166,451	18,859,184
Security Services	36,049,486	39,065,224
Other Contractors	17,089,561	10,596,192

Contracted services are mandated services in terms of the Local Government : Municipal Structures Act 117 of 1998, a municipal by-law or the Integrated Development Plan that the municipality is expected to have the capacity and expertise to deliver but are being outsourced instead.

35. Repairs and Maintenace

Reapirs and Maintenance for Property Plant and Equipment		
Repairs and maintenance	174,308,501	207,488,594

An amount of R174 308 501 (202: R207 488 594) was spent during the year in review. In determining this amount, the municipality has exclusively disclosed amounts charged by service providers.

36. General expenses

Advertising	900,360	1,261,679
Auditors remuneration	8,287,782	6,379,631
Bank charges	9,740,142	9,020,919
Cleaning	263,476	2,047,155
Commission paid	13,027,439	16,848,885
Legal costs and professional fees	14,949,517	9,292,368
Consumables	6,931,963	3,146,817
Discount allowed	1,217,714	753,029
Entertainment	1,058,255	1,181,914
Veterinary services	115,320	-
Insurance	22,907,514	22,265,776
Community development and training	1,148,211	149,999
VIP Toilets	-	4,929,026
Marketing	1,182,842	1,314,908
Medical expenses	519,766	303,156
Motor vehicle expenses	30,109,212	21,329,494
Pest control	140,906	3,732,109
Postage and courier	3,714,722	6,865,941
Printing and stationery	5,419,981	4,478,262
Protective clothing	6,130,412	3,290,952
Research and development costs	-	85,129
Royalties and license fees	1,655,352	1,413,263
Subscriptions and membership fees	8,403,481	7,636,056
Telephone and IT system related costs	18,116,842	15,233,606
Transport and freight	44,284	40,731
Training	3,041,195	8,247,501
Title deed search fees	454,313	394,054
Other miscellaneous	3,584,710	7,423,118
Traffic fines management	64,161	182,544
Indigent costs	81,753,108	49,445,614
Human Settlement Costs	13,534,030	623,912
Casual workers	9,540,262	5,587,289
Fines and penalties	1,081,654	-
	269,038,926	**214,904,837**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

37. Revenue loss

Income loss		
Total loss incurred	3,314,944	3,149,521

These revenue losses relate to monies that were misappropriated from the market and there is an investigation currently ongoing from the HAWKS to identify and charge the responsible parties.

38. Cash generated from operations

Deficit	(884,537,984)	(621,263,674)
Adjustments for:		
Depreciation and amortisation	379,302,379	363,540,490
Gain on sale of assets and liabilities	25,891,622	21,532,428
Gain on foreign exchange	-	(561,147)
Fair value adjustments	(756,797)	31,412,000
Donation from Dept of Human Settlements	-	(218,892,037)
Impairment loss on PPE	3,650,921	35,199,378
Debt impairment	1,386,491,357	1,284,786,461
Non cash donations	(98,146,072)	(25,016,400)
Employee benefits	(16,702,792)	15,560,260
Movements in provisions	9,715,560	11,776,338
Movement in leave accrual	(9,500,830)	(11,049,405)
Wild Stock adjustment	434,499	(300,549)
Inventory adjustment	(933,703)	572,241
13th Cheque accrual	(630,080)	71,834
Changes in working capital:		
Inventories	(12,941,218)	(5,818,573)
Receivables from exchange transactions	(1,690,402)	162,699
Consumer debtors	(1,373,635,955)	(1,285,084,414)
Other receivables from non-exchange transactions	(5,025,480)	(2,424,600)
Prepayments	7,357	28,018
Payables from exchange transactions	774,096,633	554,177,137
VAT	(90,126,142)	78,941,294
Unspent conditional grants and receipts	31,137,385	(17,572,070)
	116,100,258	**209,777,709**

39. Agency Fees

Commissions received	13,830,750	13,735,741

The North West Department of Community Safety andTransport Management issues motor vehicle licences to motorists for a prescribed fee. Given the geographical location of municipal offices, it is convenient for motorists to be able to renew their licences at these locations. The municipality facilitates the issuing of these licences and the collection of the prescribed fees.

The municipality acts on behalf of the Department to issue licences to, and collect money from motorists. The transaction is however between the Department ,and the motorist (i.e. third party) - the party responsible for the payment of the licence fee. The municipality is not a party to the transaction with the third parties but rather facilitates the transaction between the Department and the motorist, and receives a commission fee accordingly.

40. Donations Received

PPE donated.	98,146,072	25,016,401

The above relates to land and property plant and equipment that was donated during the year under review.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

41. Other revenue

Agency Fees	13,830,750	13,735,741
Connections and Reconnection fees	43,478,419	85,199,347
Rental income	4,494,325	3,583,304
Discount received	4,948,236	3,174,222
Other income	17,538,278	15,680,564
New Connections	701,040	685,273
	84,991,048	**122,058,451**

42. Auditors' remuneration

Fees	8,287,782	6,379,631

43. Financial instruments disclosure

Categories of financial instruments

2023

Financial assets

	At fair value	At amortised cost	Total
Other financial assets	12,094,383	-	12,094,383
Trade and other receivables from exchange transactions	-	7,725,188	7,725,188
Consumer debtors	-	450,734,124	450,734,124
Cash and cash equivalents	-	92,678,877	92,678,877
Eskom Deposit	-	40,403,414	40,403,414
	12,094,383	**591,541,603**	**603,635,986**

Financial liabilities

	At amortised cost	Total
Consumer deposits	46,501,593	46,501,593
Other financial liabilities	25,953,596	25,953,596
Trade and other payables from exchange transactions	3,451,842,292	3,451,842,292
	3,524,297,481	**3,524,297,481**

2022

Financial assets

	At fair value	At amortised cost	Total
Other financial assets	11,337,586	-	11,337,586
Receivables from exchange transactions	-	6,034,786	6,034,786
Other receivables	-	7,357	7,357
Consumer debtors	-	460,467,559	460,467,559
Cash and cash equivalents	-	213,583,671	213,583,671
Eskom deposits	-	38,462,885	38,462,885
	11,337,586	**718,556,258**	**729,893,844**

Financial liabilities

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

43. Financial instruments disclosure (continued)

	At amortised cost	Total
Consumer deposits	41,774,897	41,774,897
Other financial liabilities	36,975,258	36,975,258
Trade and other payables from exchange transactions	2,687,876,569	2,687,876,569
Department of Local Government and Human Settlements	35,808,876	35,808,876
	2,802,435,600	**2,802,435,600**

44. Commitments

Authorised capital expenditure

Already contracted for but not provided for		
• Property, plant and equipment	97,278,413	127,428,667
Total capital commitments		
Already contracted for but not provided for	97,278,413	127,428,667

Total commitments

Total commitments		
Authorised capital expenditure	97,278,413	127,428,667

This committed expenditure relates to property and will be financed by available bank facilities, retained surpluses, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc.

Operating leases - as lessee (expense)

Minimum lease payments due		
- within one year	9,562,466	1,364,040
- in second to fifth year inclusive	16,918,209	-
	26,480,675	**1,364,040**

Operating lease payments represent rentals payable by the municipality for certain of its office properties. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years. No contingent rent is payable.

45. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

We draw attention to the fact that at 30 June 2023, the municipality reported an operating deficit of R884 537 984 and at this date the municipality’s total current liabilities exceeded its total current assets by R2 682 005 128. The municipality also impaired 90% of its current debtors due to poor revenue collection. These factors causes uncertainty relating to the municipalities’ ability to operate as a going concern.

The municipality plans to address the above cash flow shortages through enhanced revenue collection and a resultant consistency in the payment of creditors, when they become due.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

46. Events after the reporting date

There were no material events that required an adjustment to the annual financial statements after the reporting date.

47. Unauthorised expenditure

Opening balance	4,133,642,424	3,176,530,653
Add: Unauthorised expenditure - current	369,616,587	957,111,771
Closing balance	**4,503,259,011**	**4,133,642,424**

The over expenditure for the 2023 financial year is primarily due the impairment on the consumer debtors, and bulk purchases. The total balance including the opening balance will be dealt with in accordance with the MFMA requirements.
No criminal or disciplinary steps have been taken.

Unauthorised expenditure: Budget overspending – per municipal department:

Budget and treasury office	3,116,924	590,881,633
City electrical engineering	1,756,903	-
Cleansing	9,584,202	44,429,098
Corporate Governance	934,097	1,636,033
Community Services	111,071,322	-
Council General	14,250	-
Sewerage	-	5,598,998
Health	1,407	-
Water section	242,996,576	314,153,748
Public safety	140,906	-
Local economic dev and marketing and tourism	-	412,261
	369,616,587	**957,111,771**

48. Irregular expenditure

Opening balance	3,966,427,579	3,665,341,389
Prior period error	(16,669,433)	-
Add: Irregular Expenditure - current year	273,995,874	284,952,893
Irregular expenditure identified in the current year relating to prior periods	2,940,250	16,133,297
Irregular expeniture written off as irrecoverable - not condoned - CC102/2023	(1,227,322,748)	-
	2,999,371,522	**3,966,427,579**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

48. Irregular expenditure (continued)

Analysis of expenditure awaiting condonation per classification

	2023	2022
Bid composition not constituted	344,445	19,632,427
Order splitting	268,608	-
Three quotes not attached	114,164	1,487,473
Non disclosure of interest	47,176,939	37,118,817
Regulation 32 appointment	-	7,844,957
Contravention of SCM Regulation 36	35,483,183	24,001,705
Contravention of SCM Policy	54,412,753	142,009,329
Contracts expired	38,802,750	10,806,094
Tenders not advertised for the minimum period required	100,333,281	58,185,388
	276,936,123	**301,086,190**

Contracts under review for potential non-compliance with procurement laws and supply chain regulations (with expenditure to-date)

	Disciplinary steps taken/criminal proceedings	
COM/SCM/T/36/2019/2020	Appointment of multiple service providers for hire and plant and equipment on as and when required basis for a period of thirty six(36) months effective 20/11/2020.	36,585,310
COM/SCM/T/26/2020/2021	Appointment of service provider for VAT and recovery in the City of Matlosana for a period of 36 months effective 22/06/2020	27,899,582
COM/SCM/T/31/2019/2020	Construction of 11kv feeder line for Alabama substation extension 4 & 5 effective 12/10/2020	2,433,628
COM/SCM/T/33/2019/2020	Construction of VIP Latrines in KOSH Phase 1 effective 09/03/2021	15,710,637
COM/SCM/T/31/2020/2021	Refurbishment of water pump stations and reservoirs effective 09/03/2021	35,997,618
COM/SCM/T/51/2020/2021	Supply and errection of 358 mesh fencing around Stilfontein effective 24/06/2021	480,000
COM/SCM/40/2020/2021	Appointment of service provider for Risk management and insurance for a period of thirty-six(36) months effective 21/06/2021	18,552,038
COM/SCM/T/18/2019/2020	Upgrading of Mechanical and Electrical equipment in Kanana Phase 1 effective 14/09/2020	6,922,085
COM/SCM/08/2021/22	Appointment of physical security services providers for the City of Matlosana building, offices property for a period of thirty-six (36) months.	117,235,666
		261,816,564

Disciplinary steps taken/criminal proceedings

No disciplinary action has been taken as investigations are in progress for all irregular expenditure.

Additional Note
Irregular expenditure is calculated inclusive of VAT while the figures disclosed above have been presented in this set of AFS exclusive of VAT.

49. Fruitless and wasteful expenditure

	2023	2022
Opening balance as previously reported	198,727,423	85,506,270
Add: Fruitless and wasteful expenditure identified - current	233,384,410	113,221,153
Closing balance	**432,111,833**	**198,727,423**

Figures in Rand	2023	2022

49. Fruitless and wasteful expenditure (continued)

The municipality incurred interest ,fines and penalties for late payment of the Eskom, SARS, Midvaal and Auditor General accounts. No disciplinary action has been taken as the expenses are a result of cashflow constraints.

50. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

	2023	2022
Opening balance	18,951,220	22,815,164
Current year subscription / fee	8,401,459	7,636,056
Amount paid - current year	(9,000,000)	(11,500,000)
	18,352,679	**18,951,220**

Audit fees

	2023	2022
Opening balance	233,817	5,823,957
Current year subscription / fee	9,593,941	7,635,711
Amount paid - current year	(9,756,261)	(13,225,851)
	71,497	**233,817**

PAYE and UIF

	2023	2022
Opening balance	8,227,669	7,962,053
Current year subscription / fee	104,842,825	101,860,255
Amount paid - current year	(104,288,421)	(101,594,639)
	8,782,073	**8,227,669**

Pension and Medical Aid Deductions

	2023	2022
Opening balance	13,438,937	13,650,850
Current year subscription / fee	221,679,405	215,103,055
Amount paid - current year	(233,447,305)	(215,314,968)
	1,671,037	**13,438,937**

VAT

	2023	2022
VAT receivable	299,626,006	209,843,653

50. Additional disclosure in terms of Municipal Finance Management Act (continued)

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at June 30, 2023:

June 30, 2023	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Councillor Bangani JN	709	8,076	8,785
Councillor Bonga AH	1,695	48,500	50,195
Councillor Booth PH	2,055	34,060	36,115
Councillor Bornman JGR	13,513	405,435	418,948
Councillor Buys RRB	2,795	10,341	13,136
Councillor Dial SJ	7,729	76,199	83,928
Councillor Dude MA	853	71,175	72,028
Councillor Faku BS	4,105	78,816	82,921
Councillor Jonas SL	7,622	107,769	115,391
Councillor Kali KB	6,094	130,133	136,227
Councillor Kodisang ML	-	135,241	135,241
Councillor Le Grange JJ	2,664	10,546	13,210
Councillor Majiji SJ	2,208	18,500	20,708
Councillor Mangesi MI	26,312	33,326	59,638
Councillor Mathopa ML	121	6,288	6,409
Councillor Mokgatla MA	4,381	78,561	82,942
Councillor Ntshanga ZE	517	19,912	20,429
Councillor Oortman FD	-	103,049	103,049
Councillor Ross KL	3,136	2,290	5,426
Councillor Seitshero KV	1,586	23,805	25,391
Councillor Tagaree FI	2,030	15,634	17,664
Councillor Thabanchu OR	-	13,474	13,474
	90,125	**1,431,130**	**1,521,255**

June 30, 2022	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Councillor Burrell BR	2,774	6,280	9,054
Councillor Ndela N	1,494	53,909	55,403
Councillor Kali KB	6,491	144,131	150,622
Councillor Kodisang ML	23,645	189,596	213,241
Councillor Mokgatla MA	5,378	85,417	90,795
Councillor Majiji SJ	3,504	34,673	38,177
Councillor Moholobela MA	782	77,175	77,957
Councillor Booth PH	14,102	40,704	54,806
Councillor Oortman FD	894	106,925	107,819
Councillor Mosupa DT	4,576	14,710	19,286
Councillor Faku BS	4,209	53,478	57,687
Councillor Bonga A	3,080	64,799	67,879
Councillor Seitshero KV	1,560	35,805	37,365
Councillor Mbele MN	1,034	12,500	13,534
Councillor Jonas SL	6,063	115,621	121,684
	79,586	**1,035,723**	**1,115,309**

During the year the following Councillors’ had arrear accounts outstanding for more than 90 days.

50. Additional disclosure in terms of Municipal Finance Management Act (continued)

June 30, 2023	Highest outstanding amount	Aging (in days)
Councillor Bangani JN	8,976	-
Councillor Barrends SAC	31	-
Councillor Bonga AH	63,940	-
Councillor Booth PH	43,991	-
Councillor Bornman JGR	405,435	-
Councillor Buys RRB	10,341	-
Councillor Dial SJ	76,199	-
Councillor Dude MA	76,899	-
Councillor Faku BS	84,211	-
Councillor Jonas SL	116,533	-
Councillor Kali KB	145,744	-
Councillor Kodisang ML	195,048	-
Councillor Le Grange JJ	10,546	-
Councillor Majiji SJ	34,368	-
Councillor Mangesi MI	35,453	-
Councillor Mathopa ML	6,288	-
Councillor Mbele MN	11,454	-
Councillor Mokgatla MA	88,366	-
Councillor Mondlane SL	2,315	-
Councillor Masweu ME	972	-
Councillor Ntshanga ZE	19,912	-
Councillor Oortman FD	106,877	-
Councillor Ross KL	2,290	-
Councillor Seitshero KV	35,805	-
Councillor Tagaree FI	15,634	-
Councillor Thabanchu OR	14,508	-
	1,612,136	**-**

June 30, 2022	Highest outstanding amount	Aging (in days)
Councillor Bogatsu SPJ	11,799	-
Councillor Bonga A	73,841	-
Councillor Booth PH	60,151	-
Councillor Burrell BR	8,395	-
Councillor Chao NM	46	-
Councillor Faku BS	99,403	-
Councillor Jonas SL	119,293	-
Councillor Kali KB	147,102	-
Councillor Kodisang ML	196,787	-
Councillor Majiji SJ	43,169	-
Councillor Malete NP	9,115	-
Councillor Matetoane NI	10,877	-
Councillor Matetoane NI	58,882	-
Councillor Mbele MN	21,478	-
Councillor Moeng PN	137	-
Councillor Moholobela MA	79,052	-
Councillor Mokgatla	88,658	-
Councillor Mongale SD	727	-
Councillor Mophethe LE	31,277	-
Councillor Mosupa DT	20,742	-
Councillor Nani SH	28,434	-
Councillor Ndela N	81,211	-
Councillor Nongqayi PT	46,159	-
Councillor Oortman FD	107,339	-
Councillor Qankase VS	4,866	-

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

50. Additional disclosure in terms of Municipal Finance Management Act (continued)

Councillor Seitshero KV	42,453	-
Councillor Sithole SL	12,460	-
	1,403,853	**-**

Figures in Rand	2023	2022

51. Contingencies

Claims against the Municipality

Owamajola Trading Enterprises JV	300,000,000	300,000,000
Mataka & Morathi Attorneys	84,200	84,200
Owamajola	3,396,512	3,396,512
Nicolaas Johannes Myburg	1,007,879	1,007,879
SO Matshidiso	63,447,354	63,447,354
Bakgeni Civils & Construction	171,000	171,000
P&S Basson	283,200	283,200
Ke A Dira Construction CC	17,391,228	17,391,228
HL Matlala T/A Gorogang Plant Hire	1,572,713	1,572,713
Ndabangaungue S	150,000	150,000
MR M Seero	5,000,000	5,000,000
Itumre Building Supply CC	563,816	563,816
Owamajola Trading	110,587,932	110,587,932
Diggers Development	435,232	435,232
Moore Stephens	5,108,173	5,108,173
S.J Khabu	-	1,500,000
Bonang Trading Developments	1,015,000	1,015,000
Henry Tsheopo Molaoa	150,000	150,000
MMT MT Trading Enterprise	1,100,000	1,100,000
VM Tlaphisi	810,000	810,000
Kgwadi ya Madiba JV	57,715,367	57,715,367
Vesta Technical Services (Pty) Ltd	15,080,630	15,080,630
Khuma councillors & Mr Morebudi	15,130,090	15,130,090
IMIC Investments (Pty) Ltd	329,536	329,536
SO Matshidiso Construction and Project	85,000,000	-
Christina Van Der Merwe	1,600,000	1,600,000
Aganang Consulting Engineer CC	4,920,757	-
Ammatakko Beleggings CC	26,076	26,076
	692,076,695	**603,655,938**

Owamajola Trading Enterprises JV / City of Matlosana

Issued summons against the municipality for alleged damages suffered for being appointed for the disconnection and reconnection of electricity supply to defaulters for a period of R36 months and not receiving an instruction from the Municipality.

Mataka & Morathi Attorneys/ Matlosana Local Municipality - Case No: 2334/15

Litigation and claims between the plaintiff and the municipality for non- payment of services allegedly rendered.

Owamajola / City of Matlosana

The plaintiff sued the City of Matlosana for non-payment for services rendered.

Notes to the Annual Financial Statements

51. Contingencies (continued)

Nicolaas Johannes Myburg / City of Matlosana

Damages to his property due to fire outbreak after the fire brigade reacted to his call and arrived after their equipment malfunctioned.

SO Matshidiso / City of Matlosana

Action instituted against the Municipality for alleged damages for potential loss of profits as a result of the municipality alleged failure to appoint the plaintiff as a service provider following the advertisement of the tender.

City of Matlosana / Bakgeni Civils & Construction

Arbitration award for non-monetary claim to supplier

P&S Basson / City of Matlosana

A summons was brought against the Council for psychological shock and emotional shock by the Plaintiffs.

Ke A Dira Construction CC / City of Matlosana

Council is defending summons brought against the Council by the plaintiff for losses alleged to have been experienced due to the revision of tender FS 1/2011.

HL Matlala T/A Gorogang Plant Hire / City of Matlosana

Goragang terminated its agreement with the City of Matlosana and issued summons claiming the amount stipulated.

Ndabangaungue S (plaintiff) / City of Matlosana (defendant)

Summons was issued against the Council as well as Mr VW Sofe who is employed by the City of Matlosana as a traffic officer, for the alleged unlawful arrest

City of Matlosana / MR M Seero

Mr Seero instituted action against the employer for damages suffered due to alleged occupational detriment.

Itumre Building Supply CC / City of Matlosana

The City of Matlosana is defending the matter. The case of action started during 2011

Notes to the Annual Financial Statements

51. Contingencies (continued)

Owamajola Trading / City Of Matlosana

Alleged unlawful termination of a Service Level Agreement

City of Matlosana / Diggers Development

Diggers Development is claiming the amount based on the allegations that the municipality over billed them for water services.

Moore Stephens/ City of Matlosana

The plaintiff's institution legal process against the City of Matlosana for payment for service rendered.

City of Matlosana / S.J Khabu

The City of Matlosana is sued for the death of a contractor on site. The contractor was engulfed by the top soil while repairing a pipe and died as a result.The matter has been settled.

City of Matlosana / Bonang Trading Developments

Breach of contract on training contract of ward members, The company liquidated, the owner of the company has passed on, rescission of the liquidation has not been filled. The attorneys shall determine if the liquidator still persist with the claim.

Henry Tsheopo Molaoa (plaintiff) / City of Matlosana (defendant)

Summons was issued against the Council as well as Mr TT Tlholatlung, who is employed by the City of Matlosana as a traffic officer for the alleged unlawful arrest.

MMT MT Trading Enterprise / City of Matlosana

The Plaintiff's issued summons for services rendered against City of Matlosana

City of Matlosana / VM Tlaphisi

VM Tlaphisi instituted summons to city of Matlosana

Kgwadi ya Madiba JV / City of Matlosana

Claimant referred the dispute matter for adjudication relating to breach of contract and repudiation and respect of contracts for construction of jouberton taxi rank

Vesta Technical Services (Pty) Ltd / City of Matlosana

Figures in Rand	2023	2022

51. Contingencies (continued)

The claimant instituted legal action against the City of Matlosana for a cancelled service level agreement which the City is defending due to non functionality of the system the service provider had implemented.

City of Matlosana / Khuma councillors & Mr Morebudi

Various combined summons

IMIC Investments (Pty) Ltd / City of Matlosana

The claimant instituted legal action against the City of Matlosana.The claim is based on material that was purchased by three contractors on a Council Project (Bucket Eradication Programme).

Christina Van Der Merwe / City of Matlosana

The plaintiff has brought a declaratory application to ensure compliance with section 3 of Act 40 of 2002. The matter is set to sit down for opposed hearing on 19 August 2022

Ammatakko Beleggings CC / City of Matlosana

Received instructions to assist with the stay of the sale in execution. Attorneys obtained copies of the court file and established that judgement was granted against the City of Matlosana on 2 April 2022 for payment in the amount R26 076,44 to Ammatakho Beleggings CC.

SO Matshidiso Construction and Project / City of Matlosana

The claimant instituted legal action against the City of Matlosana for unlawful disqualification in the tender process.

Aganang Consulting Engineers CC / City of Matlosana

The plaintiff sued the City of Matlosana for professional services rendered for a period of 36 months on NDPG program phase 2.

Contingent assets

Claims by the Municipality		
Owamajola Trading	3,709,727	3,709,727
HL MATLALA T\ A GOROGANG PLANT HIRE	14,154,419	14,154,419
Munmap (Pty) Ltd	650,000	650,000
Isago at N12 Development /	19,315,132	19,315,132
Great Champs Trading	76,639	76,639
Mr Masisi	2,887,462	2,887,462
Johannes Jerry Van schalwyk	66,930,749	66,930,749
Isago at N12 Development	10,000,000	10,000,000
ISAGO at N12 Development	24,000,000	24,000,000
Motlamogang Martha Sessing	4,339,959	4,288,294
Esmeralda Botha	87,205	87,205
Jabulane Bhotile	82,532	22,532
Lucky Ramabodu	559,029	559,029
	146,792,853	**146,681,188**

51. Contingencies (continued)

Owamajola Trading / City of Matlosana

The plaintiff sued the City of Matlosana for service rendered and a counterclaim was instituted.

HL Matlala T/A Gorogang Plant Hire / City of Matlosana

Gorogang terminated its agreement with the City of Matlosana and issued summons claiming for the amount of R1 572 713.20. The City of Matlosana has a Counter claim R14 154 418,77

City of Matlosana / Munmap (Pty) Ltd

The City of Matlosana wrongfully paid R650 000,00 to Munmap after realising the mistake that was done, the City of Matlosana instituted legal action against Munmap to recover R650 000,00

The Attorneys report that they are still following the matter with the sheriff's board.

Isago at N12 Development / City of Matlosana, Abacus Asset Management And Sanral

Isago owes the municipality for the outstanding bulk municipal services to be installed which Isago failed to install by contractual agreement agreed date. The matter is currently suspended until further notice.

City of Matlosana / Great Champs Trading

GREAT CHAMPS TRADING (GCT) is a former tenant of the Municipality. It occupied premises belonging to the Municipality at the Matlosana Market. GTC have an outstanding debt arising from occupancy of rental space from the Municipality market.

City of Matlosana / Badiboa

Tender paving of taxi routes and storm water drainage contract cancelled by City of Matlosana due to Badiboa failing to progress with the contract.

City of Matlosana / Mr Masisi

City of Matlosana sued Mr Masisi for fruitless and wasteful expenditure.

City of Matlosana / Johannes Jerry Van schalwyk

Case no: 368 / 2022

Summons have been issued against the Defendant for misappropriation of funds at the Fresh Produce Market

City of Matlosana / Isago at N12 Development

51. Contingencies (continued)

Failure to repay security fee to the City of Matlosana which was paid to Eskom on the start-up of the Gumtrees electrical substation.

City of Matlosana/ ISAGO at N12 Development

A This matter relates to the account and rebate of profits gained as the result of the

sales of land in Ext 38 next to Matlosana Mall. This matter is suspended until further notice.

City of Matlosana / Motlamogang Martha Sessing

Summons have been issued against the Defendant for misappropriation of funds at the Fresh Produce Market

City of Matlosana/ Esmeralda Botha

Case no: 290/22: Summons have been issued against the Defendant for misappropriation of funds at the Fresh Produce Market

City of Matlosana / Jabulane Bhotile

Summons have been issued against the Defendant for misappropriation of funds at the

Fresh Produce Market

City of Matlosana / Luck Rababodu

Case no: 396/2022: Summons have been issued against the Defendant for misappropriation of funds at the Fresh Produce Market

52. Change in estimate

Property, plant and equipment

Property, plant and equipment

The change in estimated useful lives of various assets of the municipality has resulted in the following decreases in depreciation for the mentioned categories for the financial year.

	2023	2022
Buildings	562,346	1,498,258
Infrastructure - Roads and storm water	3,619,920	13,569,101
Infrastructure - water and sewer	2,546,811	77,579,389
Infrastructure - Electricity	1,106,817	75,179
Other property, plant and equipment	4,504,476	2,853,891
	12,340,370	**95,575,818**

Figures in Rand	2023	2022

53. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the and includes a note to the annual financial statements.

	2023	2022
Emergencies	17,177,815	13,740,682
Sole supplier	379,152	11,101
Impractical and impossible to follow SCM processes	1,689,210	5,333,413
	19,246,177	**19,085,196**

54. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

Statement of financial position

2022

	Note	As previously reported	Correction of error	Re-classification	Restated
Receivables from exchange transactions		1,839,550	-	4,195,236	6,034,786
VAT receivable		206,843,375	3,000,278	-	209,843,653
Investment property		349,864,970	30,420	-	349,895,390
Property Plant and Equipment		5,201,986,162	8,131,289	-	5,210,117,451
Eskom Deposit		38,462,885	1,070,943	-	39,533,828
Payables from exchange transactions		(2,690,644,693)	6,963,360	(4,195,236)	(2,687,876,569)
Unspent conditional grants and receipts		(23,273,212)	(1,864,139)	-	(25,137,351)
Housing Project Liability		(35,808,876)	(2,696,668)	-	(38,505,544)
Accumulated Deficit		(3,223,786,184)	(14,635,483)	-	(3,238,421,667)
		(174,516,023)	**-**	**-**	**(174,516,023)**

Statement of financial performance

Figures in Rand	2023	2022

54. Prior-year adjustments (continued)

2022

	Note	As previously reported	Correction of error	Re-classification	Restated
License fees		8,686,802	-	(985,580)	7,701,222
Rental income		2,597,724	-	985,580	3,583,304
Employee related costs		(676,784,703)	10,650,946	-	(666,133,757)
Reconnection fees		85,884,620	-	(685,273)	85,199,347
New connection fees		-	-	685,273	685,273
Depreciation		(363,150,766)	(389,724)	-	(363,540,490)
Profit from disposal of assets		(21,433,606)	201,727	-	(21,231,879)
Finance cost		(156,918,941)	-	31,412,000	(125,506,941)
Finance cost on employee benefits		-	-	(31,412,000)	(31,412,000)
Rental and lease expenditure		(106,852,860)	7,591,214	-	(99,261,646)
Repairs and maintenance		(206,162,348)	(1,326,246)	-	(207,488,594)
Bulk purchases		(1,263,362,776)	1,070,944	-	(1,262,291,832)
Contrated services		(106,548,875)	(20,023,000)	-	(126,571,875)
General expenses		(225,451,288)	10,546,451	-	(214,904,837)
Impairment loss		(35,209,847)	-	-	(35,209,847)
Inventories gains/losses		(271,692)	-	300,549	28,857
Gain/loss on biological assets		-	-	(300,549)	(300,549)
Total		**(3,064,978,556)**	**8,322,312**	**-**	**(3,056,656,244)**

Cash flow statement

2022

	Note	As previously reported	Correction of error	Restated
Cash flow from operating activities				
Payments made to suppliers		(1,641,761,762)	28,715,332	(1,613,046,430)
Cash flow from financing activities				
Movement in other financial liabilities		(10,333,546)	(31,412,000)	(41,745,546)
Movement in HDA		(10,381,298)	2,696,668	(7,684,630)
		(20,714,844)	**(28,715,332)**	**(49,430,176)**

55. Prior period errors

Error 1:
In the prior year, a journal was passed that resulted in the unspent conditional Library and Museum grants, being understated by R1 853 917,99 and R10 221,00 respectively. It also increased Payables from exchange transactions by R1 864 139.

Error 2
In the prior year, Leave pay was incorrectly calculated, this consequently led to leave pay being overstated by R10 650 946 and leave accrual being overstated by R10 650 946.

Error 3
In the prior year, there was misallocation of VAT receivable. This led to overstatement of VAT receivable by R3 000 279 and understatement of Distribution payable by R2 696 668.

Error 4
There was an overstatement of unauthorised expenditure in the prior year due to an error in the calculation, this consequently led to unauthorised expenditure being overstated by R165 161 215.

Error 5
In the prior year, a portion of rental income was incorrectly recognised as Licence fees. This transaction led to the understatement of Rental income by R985 580 and overstatement of Licence fees by R985 580.

Error 6
In the prior year, Contingent liability for Diggers development was incorrectly disclosed as R4 325 232. This led to an overstatement of Contingent liabilities by R3 889 999.

Error 7
In the prior year, Contingent asset for Munmap (Pty) Ltd was incorrectly disclosed as R1 255 516. This led to an overstatement of Contingent assets by R605 516.

Error 8
The difference of R685 273 relates to a prior year error. We separated new meter connections total from the reconnections of disconnected customer accounts on the face of the income statement.

Error 9
During the financial year, management performed, as part of its annual policies and procedures, an asset verification and reconciliation. A number of differences were identified that warranted adjustments to be made to the asset register and the financial records of the municipality. These adjustments impacted all non-current assets line items, including all property, plant and equipment, investment property, heritage assets and intangible asset classes. Due the materiality of the amounts, these restatements were made retrospectively in accordance with GRAP 3. Detailed asset registers, as required by the MFMA, is kept with reason for each adjustment made.

The above led to the following misstatements: Property plant and equipment was understated by R 8 131 289, Investment property was understated by R30 421, Accumulates surplus was understated by R6 690 586, Depreciation expense was understated by R389 724, Impairment loss was overstated by R10 487 and Loss on disposal of assets was overstated by R 201 727.

Error 10
In the prior year we separated Finance cost on employee benefits from finance cost. This resulted in a difference of R31 412 000.

55. Prior period errors (continued)

Error 11
In the prior year, a portion of Eskom Deposits for small accounts was incorrectly classified as Bulk Purchases. This transaction led to the understatement of Eskom Deposits by R1 070 943 and overstatement of Bulk Purchases by R1 070 943.

Error 12
In the prior year, an amount of R8 318 165 for telephone and printer costs was included in Rental and lease expenditure. Furthermore other lease expenditure of R726 950 was erroneously included in the General Expenses vote. These transactions led to the overstatement of Rental and Lease Expenditure by R7 591 214

Error 13
In the prior year, expense items relating to 2022 were recorded in the 2023 financial period. This transaction led to the overstatement of Repairs and Maintenance by R1 326 246

Error 14
In the prior year, amounts of R18 859 184 for VAT consultancy costs and R1 163 816 for debt collection and meter reading were included in General expenditure instead of Contracted Services. These transactions led to the understatement of Contracted Services by R20 023 000

Error 15
In the prior year, an amount of R300 549 for Gain/Loss on Biological Assets was incorrectly included in Invetory Gains/Losses vote. This transaction led to the understatement of Gain/Loss on Biological Assets by R300 549 and an overstatement of the Invetory Gains/Losses by the same amount.

Error 16
In the prior year, there was a amount of R4 195 236.33 that was incorrectly mapped to payables from exchange transactions and this resulted recievables from exchnage transactions being understated and payables being understated as well.

Error 17
In the prior year certain transactions relating to the 2022 financial year of assessment were not recorded as the invoices were only received after the preperation of the annual financial statements, this resulted in expenditure being understated by R3 457 007 and trade payables being overstated by the same amount.

Error 18
The opening balance for tragde payables was understated due to various ommissions and this resulted in the overstatement of accumulated surplus by R446 066.90 and understatement of payables from exchange transactions by the same amount.

The correction of the error(s) results in adjustments as follows:

Statement of financial position		
Decrease in Payables from exchange transactions due to error 1	-	1,864,139
Increase in unspent conditional grant error 1	-	(1,864,139)
Decrease in Payables from exchange transactions due to error 2	-	10,650,946
Increase in VAT receivable due to error 3	-	3,000,278
Increase in Distribution payable due to error 3	-	(2,696,668)
Increase in receivables from exchange transactions due to error 14	-	4,195,236
Increase in Property, plant and equipment due to error 9	-	8,131,289
Increase in Investment property due to error 9	-	30,421
Increase in Eskom Deposits due to error 11	-	1,070,943
Increase in payables from exchange transactions due to error 17	-	3,457,007
Increase in Payables from exchange transactions due to error 16	-	(4,195,236)
Increase in Payables from exchange transactions due to error 9	-	(1,648,650)
Increase in Payables from exchange transactions due to error 18	-	(446,067)
Increase in Payables from exchange transactions due to error 14	-	(5,551,546)
Increase in Accumulated Surplus	-	(14,635,483)

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

55. Prior period errors (continued)

Statement of financial performance		
Decrease in employee costs due to error 2	-	(10,650,946)
Increase in rental Income due to error 5	-	(985,580)
Decrease in License fees due to error 5	-	985,580
Increase in Depreciation expense due to error 9	-	389,724
Decrease in Impairment loss due to error 9	-	(10,487)
Increase in profit from disposal of assets due to error 9	-	(201,727)
Decrease in Reconnection fees error 8	-	(685,273)
Increase in New connections error 8	-	685,273
Decrease in Finance cost error 10	-	(31,412,000)
Increase in Finance cost on employee benefits error 10	-	31,412,000
Decrease in Bulk Purchases due to error 11	-	(1,070,943)
Decrease in Rental and Lease expenditure due to error 12	-	(7,591,214)
Increase in Repairs and maintenance due to error 13	-	1,326,246
Increase in Contracted Services due to error 14	-	20,023,000
Decrease in General Expenses due to error 12, 13 & 14	-	(10,546,451)
Increase in Inventory (losses/gains) due to error 15	-	300,549
Decrease in Gains/losses of biological assets due to error 15	-	(300,549)

Cash flow statement

Cash flow from operating activities		
Suppliers	-	28,715,332
Cash flow from financing activities		
Other financial liabilities	-	(31,412,000)
HDA	-	2,696,668
	-	**(28,715,332)**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

56. Related parties

Relationships	
Accounting Officer	L Seametso
Councillor AM Morake	
Councillor MA Mokgatla	
Councillor SJ Dial	
Councillor JR Griffin	
Councillor SJ Majiji	
Councillor MS Dude	
Councillor SR Mulhanga	
Councillor WG Zwitwane	
Councillor KM Lethoko	
Councillor PY Mtshawulana	
Councillor NP Nyaqela	
Councillor F Kasonkomona	
Councillor PH Booth	
Councillor MS Pelele	
Councillor ZE Ntshanga	
Councillor T Pheto	
Councillor FD Oortman	
Councillor BS Faku	
Councillor A Bonga	
Councillor PN Fourie	
Councillor BM Plaatjie	
Councillor KV Seitshero	
Councillor RM Sello	
Councillor AB Mdyali	
Councillor JGR Bornman	
Councillor CK Modise	
Councillor PA Du Preez	
Councillor MI Mache	
Councillor TE Sepale	
Councillor Wiese (Holtzhausen)	
Councillor OE Kgwabane	
Councillor KR Latha	
Councillor JT Kgwasi	
Councillor MN Mbele	
Councillor SL Jonas	
Councillor MR Mokhele	
Councillor VO Foboke	
Councillor NJ Tsolela	
Councillor ML Kodisang	
Councillor KE Mabebe	
Councillor TV Chabalala	
Councillor JM Mosupa	
Councillor FC Mahlophe	
Councillor ML Mahumapelo	
Councillor AM Ramphele	
Councillor NM Maseko	
Councillor MM Mosiako	
Councillor A Combrinck	
Councillor MI Mangesi	
Councillor EM Postma	
Councillor PJ Swart	
Councillor FI Tagaree	
Councillor PZM Burrel	
Councillor TS Seabeng	
Councillor SP Sesana	
Councillor MN Seitisho	
Councillor PA Hlekiso	

56. Related parties (continued)

Councillor PM Molutsi
Councillor W Wallhorn
Councillor GLI Cromhout
Councillor ME Mosweu
Councillor KB Kali
Councillor L Scott
Councillor OR Thabanchu
Councillor SP Kloppers
Councillor RRB Buys
Councillor CJ Bester
Councillor KL Ross
Councillor JJ Le Grange
Councillor M Coetzee
Councillor TG Khoza
Councillor SOC Barrends
Councillor K Ndincede
Councillor SL Mondlane
Councillor N Gelderblom
Councillor JN bangani
Councillor RRB Buys
Councillor KM Lethoko

Compensation to accounting officer and other key management

	2023	2022
Short-term employee benefits	9,299,000	8,941,000

Key management information

Class	Description	Amount
Municipal Manager	L Seametso was appointed MM from January 2023 till date	1 448 218
Chief Financial Officer	MM Phetla was appointed chief financial officer from January 2023	609 879
Acting Chief Financial Officer	P Thelele was appointed acting chief financial officer from March 2022 to December 2022.	162 654
Director Public Safety	LJ Nkhumane was appointed as Director Public Safety from February 2018 to January 2023	701 208
Director Economic Development	LL Fourie was appointed as the Director of Local Economic Development from the 1st of March 2019 to 31st of August 2022	200 195
Director Planning and Human Settlement	BB Choche has been appointed as the Director of Strategic Planning and Human Settlement from the 1st of March 2019.	1 435 130
Director Community Development	MM Molawa was appointed as Director Community Development from February 2018 till 31 January 2023	771 689
Acting Director Corporate Services	NM Moabelo was appointed as Acting Director Services from July 2022 till date	731 461
Acting Director Technical and Infrastructure	JJ Pilusa was appointed as the Director of Technical and Infrastructure from September 2022 till date.	1 006 603
Acting Director Local Economic Development	ND Makgetha was appointed as Acting Director LED from September 2022 till February 2023	512 260
Acting Director Local Economic Development	PT Molelekwa was appointed as Acting Director LED from April 2023 till date	248 877

56. Related parties (continued)

Acting Director Community Development	MJ Masilo was appointed a Acting Director Community Development from February 2023 till date.	688 406
Acting Director Public Safety	AJS Marais was appointed as Acting Director Public Safety from February 2023 till date	433 470
Acting Director Corporate Services	M Botsheleng was appointed as Acting Director Corporate Services from 01 May 2022 to 31 August 2022	177884

57. Risk management

Capital risk management

The municipality's objectives when managing capital are to safeguard the municipality's ability to continue as a going concern in order to provide services for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the municipality consists of debt, which includes the borrowings disclosed in Note 14, cash and cash equivalents disclosed in Note 13, and equity as disclosed in the statement of financial position.

There have been no changes to what the municipality manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

	Note	2023	2022
Total borrowings			
Current liabilities		3,569,000,298	2,814,182,526
Non-current liabilities		481,568,416	498,272,526
		4,050,568,714	**3,312,455,052**
Less: Cash and cash equivalents	13	92,678,877	213,583,671
Net debt		3,957,889,837	3,098,871,381
Total equity		2,353,883,682	3,223,786,184
Total capital		**6,311,773,519**	**6,322,657,565**

Financial risk management

The municipality’s activities expose it to a variety of financial risks: market risk (including, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The municipality’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality’s financial performance. Risk management is carried out by a central treasury department under policies approved by the . Municipality treasury identifies, evaluates and hedges financial risks in close co-operation with the municipality’s operating units.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, municipality treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The municipality’s risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality’s income and operating cash flows are substantially independent of changes in market interest rates.

57. Risk management (continued)

The municipality’s interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the municipality to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk. During 2023 and 2022, the municipality’s borrowings at variable rate were denominated in Rand.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2023	2022
Other financial assets	12,094,383	11,337,586
Consumer debtors	450,734,124	460,467,559
Other receivables	-	7,357
Cash and cash equivalents	92,678,877	213,583,671
Receivables from exchange transactions	6,489,456	6,034,786

The municipality is exposed by a guarantee for a loan at DBSA and is secured by the Nedbank investment as disclosed in Note 11 .

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

58. Segment information

General information

Identification of segments

The municipality is organised and reports to management on the basis of fifteen major functional areas: Budget And Treasury Office ,Budget And Treasury Office , Corporate Governance ,Budget And Treasury Office , Community Services ,Budget And Treasury Office , Local Economic Dev & Marketing Tourism ,Budget And Treasury Office , Housing ,Budget And Treasury Office , Civil Engineering ,Budget And Treasury Office , Water Section ,Budget And Treasury Office , City Electrical Engineering ,Budget And Treasury Office , Sewerage ,Budget And Treasury Office , Cleansing ,Budget And Treasury Office , Health ,Budget And Treasury Office , Council General ,Budget And Treasury Office , Market ,Budget And Treasury Office , Public Safety ,Budget And Treasury Office and Sports Arts And Culture. The segments were organised around the type of service delivered. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

Information reported about these segments is used by management as a basis for evaluating the segments’ performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

Types of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

Reportable segment	Goods and/or services
Budget And Treasury Office	Financial management, debt management, supply chain management, accounting and financial reporting.
Corporate Governance	The mandate of this segmet is to ensure governance structures are in place to ensure a fuctinonally operating entity and also deal with all leagl matters as and when they arise.
Community Services	Providing the community with social services and facilities to enable the all residents to par-take in communal activities.
Local Economic Dev & Marketing Tourism	Promoting the local economy.
Housing	Develop and release land for residential and business purposes
Civil Engineering	Provision of and maintenance roads, bridges and other infrastructure,
Water Section	Providing residents, business and industry with clean, safe and reliable drinking water. Additionally providing water to businesses for irrigattion or mining activities and maintaing the water infrastructure.
City Electrical Engineering	Distributing electricity to residential and commercial consumers. Also maintaining electrical infrastructure.
Sewerage	Treating wastewater and safely disposing it and maintaining the infrastructure to ensure compliance with enviromental requirements.
Cleansing	Collecting and disposing of waste in a safe manner, as required by legislation. Ensuring the general cleanliness of the muncipal public areas.
Health	Providing employees with a safe and healthy working environment. Promoting employee wellness.
Market	Providing fresh produce to the community and related stakeholders
Public Safety	Protecting the public. Safeguarding the community from disasters and potential danger and threats. Ensuring compliance with road regulations.
Sports Arts And Culture	Promoting the diverse cultures present in the local community. Promoting local sports and arts

58. Segment Information

Segment Information for the year ended 30 June 2023

	BUDGET AND TREASURY OFFICE	CORPORATE GOVERNANCE	COMMUNITY SERVICES	LOCAL ECONOMIC DEV & MARKETING,TOURISM	HOUSING	CIVIL ENGINEERING	WATER SECTION	CITY ELECTRICAL ENGINEERING	SEWERAGE	CLEANSING	HEALTH	COUNCIL GENERAL	MARKET	PUBLIC SAFETY	SPORTS ARTS AND CULTURE	Grand Total
Revenue																
Revenue from exchange transactions																
Market Dues	0	0	0	0	0	0	0	0	0	0	0	0	(19 959 610)	0	0	(19 959 610)
Service Charges	0	0	0	0	0	0	(736 245 524)	(832 426 519)	(141 353 903)	(195 290 904)	0	0	0	0	0	(1 905 316 849)
Rental of facilities and equipment	0	0	(636)	(174)	(3 835 662)	0	0	0	0	0	0	0	(148 919)	0	(149 627)	(4 135 017)
License fees	0	0	0	0	0	0	0	0	0	0	0	0	0	(7 218 936)	0	(7 218 936)
Agency services	0	0	0	0	0	0	0	0	0	0	0	0	0	(13 830 750)	0	(13 830 750)
New Connection Fees	0	0	0	0	0	0	0	(701 040)	0	0	0	0	0	0	0	(701 040)
Connections and reconnections	0	0	0	0	0	0	(508 622)	(42 950 765)	(19 032)	0	0	0	0	0	0	(43 478 419)
Rental income	0	(195 936)	(127 508)	0	0	0	0	0	0	0	0	0	(3 065 412)	(1 083 580)	(21 890)	(4 494 325)
Insurance fees	(4 948 236)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(4 948 236)
Other income	(2 522 014)	(2 561 218)	(1 938 601)	0	(8 654 238)	(306 081)	(66 172)	(45 647)	0	0	0	(7 980)	(51 261)	(1 142 251)	(242 815)	(17 538 278)
Interest received - investment	(138 264 585)	0	0	0	0	0	(241 649 974)	(55 641 541)	(3 694 769)	(126 709 789)	0	0	(97 992)	0	0	(566 058 651)
Total revenue from exchange transactions	**(145 734 835)**	**(2 757 154)**	**(2 066 745)**	**(174)**	**(12 489 899)**	**(306 081)**	**(978 470 292)**	**(931 765 512)**	**(145 067 705)**	**(322 000 692)**	**0**	**(7 980)**	**(23 323 194)**	**(23 275 516)**	**(414 332)**	**(2 587 680 111)**
Revenue from non-exchange transactions																
Property rates	(456 396 936)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(456 396 936)
Interest from Property rates	(50 406 437)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(50 406 437)
Donations received	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Donation from Dept of Human settlements	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(98 146 072)	(98 146 072)
Government grants and subsidies	(548 276 542)	0	0	0	0	(35 398 696)	(7 580 343)	(31 973 624)	(10 368 757)	(23 932 847)	0	0	(4 996 793)	0	(4 429 015)	(666 956 617)
Fines, Penalties and Forfeits	0	0	0	0	0	0	0	(662 290)	0	0	0	0	0	(8 206 474)	0	(8 868 764)
Total revenue from non-exchange transactions	**(1 055 079 915)**	**0**	**0**	**0**	**0**	**(35 398 696)**	**(7 580 343)**	**(32 635 914)**	**(10 368 757)**	**(23 932 847)**	**0**	**0**	**(4 996 793)**	**(8 206 474)**	**(102 575 087)**	**(1 280 774 825)**
Total revenue	**(1 200 814 750)**	**(2 757 154)**	**(2 066 745)**	**(174)**	**(12 489 899)**	**(35 704 777)**	**(986 050 634)**	**(964 401 426)**	**(155 436 462)**	**(345 933 540)**	**0**	**(7 980)**	**(28 319 987)**	**(31 481 990)**	**(102 989 419)**	**(3 868 454 937)**
Expenditure																
Employee related costs	78 459 642	48 081 188	71 888 191	6 769 375	16 167 716	59 614 574	42 211 377	57 942 867	50 933 145	69 709 543	7 146 057	30 830 140	7 702 427	126 455 531	48 418 916	722 330 690
Remuneration of councillors	0	0	0	0	0	0	0	0	0	0	0	36 911 611	0	0	0	36 911 611
Depreciation and amortisation	0	5 914 576	132 879 631	3 003 298	3 580 957	99 259 440	0	39 497 129	48 712 350	0	2 338 931	1 393 588	10 764 269	4 326 081	27 632 128	379 302 379
Impairment loss - Reversal of impairments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Finance costs	10 044 292	0	0	0	0	55 226 957	0	83 949	32 740 923	0	0	79 679 389	0	72 131 263	0	249 906 774
Rental and lease expenditure	0	0	4 306 969	0	0	8 540 830	16 353 371	3 746 538	11 169 972	55 896 130	0	9 265 881	0	0	5 535 267	114 814 957
Debt impairment	156 871 727	0	0	0	0	0	448 662 861	608 301 690	52 618 439	120 036 640	0	0	0	0	0	1 386 491 357
Revenue loss	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Repairs and maintenance	8 281 980	675 074	6 061 353	6 549	45 158	23 982 662	10 969 015	80 027 505	12 763 282	15 256 830	0	76 374	1 580 293	10 793 875	3 788 551	174 308 501
Bulk purchases	0	0	0	0	0	0	456 035 510	848 229 632	0	0	0	0	0	0	0	1 304 265 142
Contracted Services	14 187 576	0	3 250 162	0	4 877 575	0	26 526 244	1 384 739	2 715 178	1 665 185	705 572	11 398 425	0	36 089 873	0	102 800 529
General expenses	40 221 785	19 768 796	32 511 759	2 951 117	14 313 139	3 854 138	(5 998 145)	49 133 059	11 559 875	1 598 716	5 843 936	65 316 602	5 780 158	14 775 586	7 408 407	269 038 926
Total expenditure	**308 067 003**	**74 439 634**	**250 898 066**	**12 730 339**	**38 984 545**	**250 478 602**	**994 760 234**	**1 688 347 107**	**223 213 164**	**264 163 042**	**16 034 496**	**234 872 010**	**25 827 146**	**264 572 209**	**92 783 270**	**4 740 170 866**
Operating (Surplus) / Deficit	(892 747 748)	71 682 480	248 831 321	12 730 165	26 494 645	214 773 824	8 709 600	723 945 681	67 776 702	(81 770 497)	16 034 496	234 864 030	(2 492 841)	233 090 219	(10 206 149)	871 715 930
Loss on disposal of assets and liabilities	0	0	0	0	0	0	0	0	0	0	0	16 572 392	0	0	0	16 572 392
Finance cost on Employee Benefits	39 017 000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	39 017 000
Actuarial gains/losses	(47 831 000)	0	0	0	0	0	0	0	0	0	0	(1 403 000)	0	0	0	(49 234 000)
Gain/(Loss) on biological assets	0	0	0	0	0	0	0	0	0	0	0	0	0	434 499	0	434 499
PPE Impairment loss	0	0	100	0	0	3 650 821	0	0	0	0	0	0	0	0	0	3 650 921
Inventories (losses)/gains	(933 702)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(933 702)
Revenue loss from market	0	0	0	0	0	0	0	0	0	0	0	0	3 314 944	0	0	3 314 944
(Surplus) / Deficit for the period	**(902 495 449)**	**71 682 480**	**248 831 421**	**12 730 165**	**26 494 645**	**218 424 645**	**8 709 600**	**723 945 681**	**67 776 702**	**(81 770 497)**	**16 034 496**	**250 033 422**	**822 103**	**233 524 718**	**(10 206 149)**	**884 537 984**